

FINANCIAL TIMES

SOUTH AFRICA US Administration weighs its options Page 20

No.30,873 Tuesday June 20 1989 D 8523A

World News

Mitsotakis' proposal for coalition rejected

Greece's opposition... Mitsotakis, the Conservative opposition leader, to form a temporary coalition government...

Acid rain campaign

Swedish and Norwegian Governments are mounting a campaign criticising Britain for failing to reduce sulphur dioxide contamination...

Falklands row

A row over overseas ownership of Falkland Islands farms has led to dissolution of the legislative council...

Investia attack

Investia, the Soviet Government newspaper, signalled an expansion of glasnost with a scathing attack on a top Communist Party official...

Palme evidence

The widow of Sweden's murdered prime minister, Olof Palme, identified Christer Pettersson during his trial in Stockholm as the man who killed her husband...

German contacts

East German leader, Erich Honecker, has agreed to ease travel between East and West Berlin...

Soviet arms aim

The Soviet Union said the main issue in nuclear arms talks with the US is a 50 per cent cut in strategic missiles...

Solidarity victory

Solidarity won all but one of the 261 seats it contested in Poland's first partly-free elections for 40 years...

Iranian poll date

An Iranian newspaper said presidential elections in Iran scheduled for August would be held on July 24...

Soviet train returned

Polish officials turned back a train at the Soviet border because its cargo of lethal gas was leaking...

Moslem court move

British Moslem leaders have won the right to challenge the refusal of a London magistrate to issue blasphemy summonses against Mr Salman Rushdie...

Journalist captured

Afghan government troops have captured American journalist Tony Oberon, who was covering the war in Afghanistan for Life magazine...

Conservation call

France and Australia have called for immediate talks aimed at turning the Antarctic into a new conservation area...

Belgium clash

Miners protesting against the early closure of Belgium's last two coal mines fought police with iron bars and stones in Brussels...

Nine die in SA

Nine blacks died in weekend clashes between rival political factions in Natal province...

Business Summary

NWA agrees to airline takeover bid worth \$4bn

NWA, parent of Northwest Airlines, US carrier, agreed to a \$4bn takeover offer from a group of investors led by Los Angeles businessman Alfred Chechi...

AIRLINES of Europe, federation of five European airlines, was launched with a forecast of fare cuts of up to 40 per cent...

ENTERPRISE OIL, UK independent exploration and production company, won a court battle to proceed with acquisition of almost \$1bn of North Sea Assets from Texas Eastern, US oil and gas company...

SIEMENS, West German electronics giant, signed \$740m order to supply up to 300,000 personal computers to the Soviet Union...

TIME, US publishing and broadcasting group, will try to finance takeover of Warner Communications without selling businesses...

EUROPE'S largest and most ambitious collaborative research project into semiconductor technology is to receive almost \$1.02bn from the European Commission...

COOPER prices surged on London Metal Exchange after traders and consumers digested Copper

Cash metal grade 'A' 2 per tonne 1900

1800

1700

1600

1500

April 1989 June

news from around the world about interruptions to supplies

ASIA Brown Boveri, European electrical engineering group, began clearance to acquire Westinghouse Canadian plants...

EUROPEAN Community finance ministers agreed terms for Spanish peseta and Portuguese escudo to become part of the ECU basket of European currencies...

COMPUTER Associates, US independent software company, plans to buy Cullinet, a mainframe computer programmes supplier...

SOUTH KOREA unveiled an economic package of wage and price controls...

MAGNUM Corporation, New Zealand brewery and wine business, is taking over Wilson Neill's liquor stores...

JAPAN'S economy grew by 5.1 per cent during the fiscal year to March 31...

ENSO-Gutzeit, Finnish state-controlled forest products group, began trading shares on the London Stock Exchange...

EUROPEAN Community agreed major reductions in anti-dumping duties levied last year on video cassettes and video tapes exported from Hong Kong and South Korea...

REFRESH Midland, UK airline, is to meet legal representatives of the victims of the Kegworth air disaster to discuss the possibility of further interim compensation payments...

CANADA'S Federal Government is considering creating a third class of banks open to ownership by commercial interests and non-bank institutions...

West Germany and France confront UK on economic union

By Ian Davidson in Paris and Robert Mauthner in London

FRANCE and West Germany yesterday joined forces to throw down a gauntlet to Mrs Margaret Thatcher, the British Prime Minister, ahead of next week's European Community Summit in Madrid...

In a joint communiqué the two governments called for decisive progress on economic and monetary union at next week's Madrid summit of EC heads of state, as well as on the European Commission's draft charter of fundamental social rights...

The communiqué, issued after a meeting in Paris between Mr Hans-Dietrich Genscher, West German Foreign Minister, and Mr Roland Dumas, his French counterpart, expressed their wish "that a decisive political impulse should be given in Madrid to the implementation of the Delors report in its entirety..."

By implication the governments are demanding a political commitment by the 12 member states to the objective of economic and monetary union, as recommended in the report of the Delors Committee, not just the more modest first stage of closer economic and monetary co-operation...

Recent indications have been that the British Government would be prepared to accept the modest first stage, but not the ultimate objective of economic and monetary union. Equally "the two ministers emphasised their wish that the



Gonzalez: search for consensus

Thatcher 'disappointed' by poll

By Philip Stephens and Michael Cassell in London

THE British opposition Labour Party yesterday proclaimed itself confident of a comfortable majority at the next general election, as Mrs Margaret Thatcher conceded that her defeat at the hands of Labour in the European elections had been "disappointing..."

The final results showed Labour had secured 45 seats in Strasbourg against the Conservatives' 32 - an exact reversal of the 1984 poll. Mr Neil Kinnock, the Labour leader, said the election had been a political watershed...

Despite its big advance in terms of votes, the Green Party did not manage to secure any seats, while Mr Paddy Ashdown, the Democrat leader, acknowledged the damage

acceptable to all members. He told a press conference that he had had "very frank, very direct, and very constructive talks" with Mrs Thatcher on the Delors report and other subjects due to be discussed in Madrid...

"I don't exclude the possibility that we will reach agreement on monetary union," said Mr Gonzalez. "I don't think that anyone has any difficulty with the concept of monetary union. But it is difficult to link the first stage of the Delors proposals with stage two and three..."

Under stage one, all currencies, including sterling, would participate in the European Monetary System (EMS), and the budgetary and monetary policies of the member states would be more co-ordinated...

The second and third stages of the Delors plan, which foresee moves towards the creation of a European central banking system and a common currency, would require the revision of the European Community treaties...

At a meeting of Community Finance Ministers at Sagaro on the Costa Brava last month, Spain's Prime Minister, Mr Felipe Gonzalez, the Spanish Prime Minister, hinted in London that the Madrid summit might have to use the majority voting procedure to push forward European monetary union if Britain continued to block it...

The Spanish Prime Minister, who will chair the summit, stressed, however, that every effort would be made to reach a consensus and solutions

Continued on Page 20

ECn weightings agreed for peseta and escudo, Page 34

centre vote had left him "very confident of a strong majority at the next general election..."

The Labour Party will make its first moves towards planning its general election campaign on Friday, when campaign strategists and members of Mr Kinnock's office meet to discuss how best to build on recent successes. Plans will centre on a summer assault on the government intended to highlight Labour's strengths and Tory weaknesses...

At 34 per cent, the Conservatives' share of the popular vote was more than 6 per cent below Labour's and the lowest they had achieved since 1970. Continued on Page 20

Tories in poll setback, Page 7; Editorial Comment, Page 15

EC finance ministers approve plan for banking liberalisation

By William Dawkins in Luxembourg

WIDE-RANGING proposals for the liberalisation of banking in the European Community were agreed from EC finance ministers yesterday. The ministers overrode West German objections to give the initial go-ahead to the creation of a single EC banking licence in January 1993...

This is a more flexible version of reciprocity than in the original directive, tabled in March 1988, a change introduced earlier this year by Sir Leon Brittan, European Commissioner for competition and financial services, in the wake of international criticism that the banking plan was protectionist...

It has been widely seen as a significant test of the EC's willingness to pursue liberal trade policies in the run-up to the planned creation of a single market after 1992. After a six-hour debate on banking, ministers were making progress on a related plan for minimum solvency standards for holders of the EC banking passport. They were also expected last night to reach initial accord on common rules against insider deal-

ing. West Germany was the only member state to vote against the banking scheme. Mr Hans Tietmeyer, Bonn Finance Minister, was unable to accept it until ministers had made progress on the solvency ratios plan, where West German mortgage banks have been lobbying for special treatment...

West Germany, the UK, the Netherlands and Luxembourg also had anxieties about the amount of power the Commission wanted to reserve for itself in making decisions on applications for non-EC banks. But they accepted a compromise offered by Mr Carlos Solchaga, the Spanish Finance Minister chairing the meeting, described the Commission's eight political groupings, culminating in election of the President and key committee chairman in late July.

Continued on Page 20

Broad left wins narrow majority in European Parliament

By David Buchan in Brussels

EUROPE'S broad left has secured a narrow majority for the first time in the European Parliament after a Community-wide election seen as a pointer to forthcoming national polls in several of the 12 EC states...

Big Labour gains in the UK boosted the ranks of Socialists in the Strasbourg assembly to 131 seats, ahead of the centre-right Christian Democrats now with 123 seats. Left-leaning Green and allied regional parties nearly doubled their strength from 20 to 39 seats...

In an election marked by the success of fringe parties, the extreme right Republican party of West Germany won six seats, contesting a Euro-election for the first time. The extreme right held its 10 seats in France, lost one seat in Italy but gained one in Belgium...

The potential of the broad left - Socialists, Communists and Greens - to muster 261 votes, a majority of one in the 518 seat Parliament, is expected to tell in future decisions on EC social and environmental policies, particularly because such policies attract

the support of the centre-right in the assembly. The Parliament has already been playing an increasingly important role in determining legislation to forge a single Community market and in reviewing EC awards with a view to the Party MEPs are expected to let the presidency job go to one of the Spanish Socialists, which are the second most numerous national groupings among the Socialists...

Rival contenders for the presidency are Mr Giscard d'Estaing, the former French President whose list gained the most votes in France, and Mr Leo Tindemans, who resigned yesterday as Belgian Foreign Minister to take his seat in Strasbourg. The generally poor showing of the centre-right, however, looks like dashing their hopes...

The next few weeks will see a jockeying for position among the European Parliament's eight political groupings, culminating in election of the President and key committee chairman in late July.

Continued on Page 20

Lex, Page 20

Soviet republic struggles to end renewed rioting

By Quentin Peel in Moscow

NEW RIOTS in the Soviet republic of Kazakhstan have caused an unknown number of deaths, as gangs of armed youths launched a pogrom through the oil town of Novy Uzen, paralysing public transport and burning buildings, official sources confirmed yesterday...

The Soviet authorities were still struggling to bring the situation under control, after disturbances began last Friday night. The latest violence in central Asia comes only days after a large security effort by the Soviet Government, involving 12,000 troops, ended bloody race riots in neighbouring Uzbekistan, leaving almost 100 dead...

"The situation has worsened, as groups of hoodlums, armed with sticks, iron rods and stones have formed themselves into groups and are staging pogroms in houses, shops and administrative buildings, and attacking passers-by," Tass reported from Novy Uzen last night...

First reports from the town said the apparent cause of the riots was anger at food rationing, high prices in co-operatives, and resentment at the high wages and better living conditions of migrant workers in the Caspian oil fields. Komsomolskaya Pravda, the Soviet youth newspaper, which was the first to report the riots before any deaths occurred, said the entire region a potential tinderbox...

President Mikhail Gorbachev and Prime Minister Nikolai Rizhkov have shown they take the threat of spreading violence in central Asia very seriously. The combination of economic depression, including food shortages and rationing, ethnic rivalries, and rising religious fundamentalism, in the entire region a potential tinderbox. Minister criticised, Page 8

US investment bank bid for Gateway in balance

By Nikki Taft in London

THE FATE of Gateway, Britain's third-largest food retailer, hung in the balance last night as efforts continued to put in place a recommended \$2bn (\$3.06bn) leveraged bid led by the US investment bank, Wasserstein Perella...

However, the continuing uncertainty brought a renewed attack from Isoceles, the newly formed UK company which already has a £1.97bn leveraged offer on the table for Gateway. The existing bidder described the continuing confusion as a spoiling move and said it was sceptical of a rival offer emerging. Isoceles' bid is due to close

Continued on Page 20

SCHOOL FEES Plan early and reduce the cost

With SFIA you have the reassurance of talking to the most experienced school fees specialist in the business.

If you are considering private education for your children or grandchildren we will help you find the best plan tailored to your personal circumstances. Whether you invest from income or capital, have family help or existing investments and pension plans we will use what is available to your best advantage. And if you plan early, it is possible to achieve substantial savings. Please telephone or complete the coupon below.

Maidenhead 0628 34291



Plans that will achieve more

School Fees Insurance Agency Ltd., SFIA House, 15 Forrease Road, Maidenhead, Berks. SL6 1JA.

Return to SFIA Ltd, Reepost, Maidenhead SL6 0BY FT 20/89

Name \_\_\_\_\_

Address \_\_\_\_\_

Home Tel \_\_\_\_\_ Office Tel \_\_\_\_\_

Child/Children's age(s) \_\_\_\_\_

Do you wish to pay from: Income  Income & Capital  Capital

MARKETS

W. Germany FAZ Aktien Index

800 790 680

INTEREST RATES US benchmark

Federal Funds 9 1/4 %

3-month Treasury Bills: yield: 8.408% (8.403)

Long Bond: 106 (106.4)

yield: 8.319% (8.286)

London 3-month interbank: close 14% (14.4)

STERLING New York closing \$1.5425 (1.54)

London: \$1.549 (1.554)

DM3.065 (3.0575)

FF10.37 (10.375)

SF12.64 (2.6375)

Y223.75 (223.25)

DOLLAR New York closing DM1.5790 (1.5825)

FF16.525 (8.7325)

SF17.050 (1.71275)

Y144.40 (144.85)

London: DM1.573 (1.5825)

FF16.525 (8.7325)

SF17.05 (1.72)

Y144.4 (145.5)

GOLD New York close 327.0 (-0.1)

London: 327.0 (-0.1)

Stock Indices New York closing Dow Jones Ind. Av. 2,479.89 (-8.48)

S&P Comp 320.94 (-0.71)

London: FT-SE 100 2,154.7 (+10.8)

World: 136.95 (Fri)

Tokyo: 1,808.5 (+26.7)

Nikkei Ave 33,013.18 (-41.88)

Frankfurt: Commerzbank 1,808.5 (+26.7)

Yokyo: 1,808.5 (+26.7)

Oil: Brent 15-day (Argus) \$16.525 (+1.75) (July)

West Tex Crude \$20.425 (+0.5) (July)

CONTENTS

Glasnost in China has never included its political system

Openness has always been interpreted by Deng Xiaoping, China's paramount leader, as an opening of the country to foreign technology, capital and trade. It was never meant to embrace the political system Page 19

Aerospace industry: Victory roll over Paris confirms buoyant market Page 4

Management: Role of UK local authorities in promoting economic development Page 14

European elections: Making the most of a protest vote Page 18

West Germany: Republican Party breaks the mould Page 18

Editorial comments: More than a setback; Wrong loans for students in the UK Page 18

Lex: Gateway; Spain; Hunting; BET Page 20

Technology: Testing time for 'natural' foodstuffs Page 35

Financial Futures Page 36

Raw Materials Page 36

Stock Markets Page 37-48

Wall Street Page 45-48

London Page 37-48

Technology Page 35

Unit Trusts Page 38-41

Weather Page 40

World Index Page 26

Observer Page 28-32

Agriculture Page 38

Arts-Reviews Page 17

World Guide Page 17

Int. Capital Markets Page 28,27

Letters Page 18

Law Page 20

Management Page 14

Money Markets Page 44



AMERICAN NEWS

# Shocking revelations of Robin HUD and the gang

By Peter Riddell, US Editor, in Washington

THE cast of characters would not have been out of place in a soap opera - a Secretary for Housing and Urban Development (HUD) known as Silent Sam, who blamed his subordinates for what went wrong; his glamorous assistant, who cited her Fifth Amendment rights against self-incrimination in refusing to testify before a congressional committee; an agent known as Robin HUD who claimed religious inspiration in siphoning off \$5.5m to help poor people; and an ex-Reagan cabinet member who fought big government in office and then received \$300,000 for lobbying for a contract.

In the past two weeks even hard-headed Washingtonians have been shocked by the daily stories of fraud, mismanagement and political favouritism which have resulted in the loss of up to \$100m from HUD during the 1980s. The HUD scandal dwarfs earlier episodes of sleaze in the Reagan era.

Mr Samuel Pierce - who was HUD Secretary for all eight Reagan years despite once being mistakenly addressed as Mr Mayor by the former president - duly fulfilled his mandate to cut his programme, by 70 per cent. Beyond that he did little to assist low-income housing.

Accounting controls were inadequate and politics replaced need as the main criterion for help. Before she pleaded the Fifth Amendment last week, Ms Deborah Gore Dean, Mr Pierce's executive assistant, admitted the rent-subsidy programme was run in a political manner with funding favouring those with "good Republican support".

Enter Mr James Watt, the first Reagan Interior Secretary and foe of environmentalists, who in office denounced those "lured by the crumbs of subsidies, entitlements and giveaways". Back in the private sector Mr Watt received \$300,000 from consultants for making eight telephone calls to the department and seeing Mr Pierce for 30 minutes to project which help for a project would be rejected. Mr Watt admitted that he never visited or met a resident of the housing project. He conceded that "if I were a Democrat I would say Jim Watt engaged in influence-peddling".



Kemp: pledges clean-up in housing development

## OBITUARY: I.F. STONE Pioneering investigative journalist

I.F. STONE, who died aged 81 in Boston on Sunday, will be remembered as the pioneer of American investigative journalism.

Throughout a career spanning more than 65 years, Mr Stone displayed a tenacity and single-mindedness which infuriated his critics, who denounced him as a muckraker and pacifist gadfly.

His great skill as a journalist was to exploit the welter of raw official information available to the public in the US to expose hidden scandals. He produced many notable scoops but his proudest accomplishment was breaking the British quarantine in Palestine after the Second World War, as recounted in a book, 'Underground to Palestine' (1946).

The club he used to beat the US political establishment was his own newsletter, I.F. Stone's Weekly. Its circulation grew from 5,300 to more than 70,000 during the Vietnam war.

Born in Philadelphia in 1907, the son of a Jewish merchant family who emigrated from Russia, Isador Feinstein "Izy" Stone was an early supporter of civil rights and critic of US involvement in Vietnam. In the 1950s his opposition to McCarthyism made him dangerously sympathetic to Stalin - though after a visit to the Soviet Union in 1956 he said workers there were more exploited than in the West. It cost him 400 subscriptions.

In later years, his eyesight and his heart began to fail. He folded the Weekly. In 1987 he produced a bestseller, 'The Trial of Socrates'. His conclusion that Socrates was trying to protect the conservative elite in Athens was typically iconoclastic for a man known as "journalism's Rock of Gibraltar".

## Canadian surplus declines by C\$1bn

By David Owen in Toronto

THE latest monthly trade and inflation figures indicate problems ahead for the hitherto buoyant Canadian economy.

In April, the country's trade surplus declined to C\$129m (\$108m) - down almost C\$1bn in three months and the lowest for nearly eight years.

Although economists blamed "wild-card" factors including rising oil prices, the figures continue a worrying trend.

Exports declined by 1.7 per cent to C\$11.4bn, while imports rose 0.8 per cent to C\$11.5bn. The surplus for March was C\$417m.

Inflation, meanwhile, climbed by 0.4 percentage points in May to reach the psychologically important level of 5 per cent on a year-on-year basis.

About 40 per cent of the monthly increase was accounted for by the impact of April's budget.

The figure all but put an end to speculation that short-term interest rates might be poised to fall.

Less than three weeks ago, Statistics Canada reported that the Canadian economy contracted in March for the first time since October 1986. On a half-yearly basis, Canada has enjoyed six solid years of real Gross Domestic Product growth.

## Rewarding good households in a bad debt neighbourhood

THE latest round of Colombia's continuing struggle to raise international bank finance looks set to reach a conclusion on Friday when it should sign an accord with creditor banks on about \$1.65bn in new loans.

As a debtor, Colombia remains a good household in a bad neighbourhood. But its ability to raise finance from international banks without being forced into rescheduling has been an important issue not only for the Colombian government, but also for those bankers who still insist that access to the market is worth striving for.

After all, if Colombia - which until the turn of the year had never missed even a principal payment - cannot get international banks to deliver loans, the chances for the others in the neighbourhood?

Colombia's "voluntary" refinancings are always a struggle. A \$1.06bn loan which the Government began to raise in 1987 took months to put together

and had to be topped up by leading creditor banks. The latest was long in gestation, emerging publicly at the start of the year and even now has fallen short of the \$1.7bn target, with the main lenders refusing to top up the latest credit.

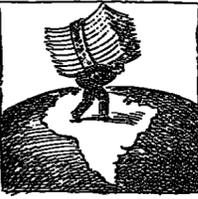
The latest figures suggest the loan, which includes \$175m of floating rate notes subscribed to by leading creditors, will be \$50m-55m under-subscribed even after corraling some Colombian banks into the financing. The loan proper has a 1/4 percentage point margin, while the notes carry a 1 1/2 point spread.

Nevertheless, the Government is said to be broadly satisfied. The signing should allow a \$900m disbursement in late July or early August, which should leave the Government with year-end foreign exchange reserves at about the level they were a year earlier. At the end of 1988, foreign reserves were \$3.85bn, which had fallen to \$3.37bn by June 7. The rest will be drawn next year.

Movement is reported in the negotiations between credit and its leading commercial bank creditors in New York, but bankers say it is far too soon to speak of a breakthrough in the talks which started back in April. The talks are expected to provide the blueprint for the debt proposals launched by Mr Nicholas Brady, US Treasury Secretary, in March. As much as \$6.2bn, including resources from the International Monetary Fund and World Bank, may be available to finance debt and debt service reduction.

Last week, Mexico is understood to have lowered the rate of discount for which it is willing to settle to 45 cents on the dollar from 50 cents. Its first bid, rejected on 16 June, was by the banks called for a 55 per cent discount to face value.

However, the commercial banks are said to be far from united on the response to this move. Some were highly unwilling to improve on the



offer of a 22 cent discount, their last offer to the Mexicans.

The Mexican proposal is understood to have widened the net of loans for which discounts would be applicable. Their previous proposals covered discounts on some \$38bn on pre-1982 loans.

Venezuela continues to pursue a request for a \$600m bridging loan from commercial banks, which its leading creditor banks are understood to be considering today in New York.

Stephen Fidler

## Mexico renews price pact to counter capital flight

By Richard Johns in Mexico City

IN a surprising move aimed at preventing capital flight, President Carlos Salinas de Gortari of Mexico announced on Sunday night extension of the wages and price control agreement until the end of March next year.

During this period the currency will continue to be devalued at the rate of one peso a day against the US dollar. The controlled official buying-selling exchange rate last Friday was 2,431 for purchases and 2,452 for sales.

Extension of the Economic Stability and Growth Pact, agreed last December for a seven-month period, was agreed by the Government, the chief of the Business Co-ordinating Council which represents the private sector, the Labour Congress and the National Campesino Federation.

The accord was reached amid mounting complaints by the private sector about price controls and increasing difficulties faced by the trade union leadership in countering

rank-and-file discontent over wage controls.

The timing of the announcement, which indicated a sense of extreme urgency, was seen by bankers in Mexico to be dictated by the need to kill speculation about a significant devaluation of the peso.

President Salinas also said that a key element of economic strategy would be the lowering of interest rates, which are currently at a real, inflation-adjusted, rate of 36 per cent.

The Mexican Government is faced by what seems to be an insuperable problem of maintaining high rates to stop the drain of foreign exchange - reserves are believed to have sunk to about \$4bn - and a mounting domestic borrowing requirement.

In this year's budget external and domestic debt servicing accounts for 60 per cent of planned expenditure.

The Government's statement emphasised its commitment to maintain strict financial discipline.

## Falklands land row breaks up council

By Andrew Marshall

A ROW over overseas ownership of Falkland Islands farms has led to dissolution of the eight-member legislative council, effectively the islands' parliament.

The council was split over the sensitive question of paying grants to landowners living outside the islands. The grants were approved last week and three councillors - John Cheek, Wendy Teggart and Terry Betts, all from Stanley - resigned on Friday. Under the islands' constitution, this necessitated the dissolution of the council by Governor William Fullerton.

"We felt it was totally unacceptable for Falkland taxpayers to be subsidising overseas landowners," said Mr Cheek yesterday.

All government business had been transacted and the budgetary process completed, said Mr Lewis Clifton, the Falkland Islands government representative in London. The disruption caused would thus be minimal.

Mr Clifton said the islands had previously planned to hold a general election on October 11 and this would go ahead. Holding earlier elections was problematic because the electoral roll was so out of date, he said.

## Liberals delay vote on new leader

By David Owen

CANADA'S Liberal party has voted to wait for a year before choosing a successor to Mr John Turner, a move which may harm the prospects of Mr Jean Chretien, the front-runner, becoming party leader.

Mr Turner announced his intention to step down earlier this year, within months of leading the party to a second consecutive general election defeat.

The selection will now be made at a party convention to be held in Calgary from June 26-29, 1990. The delay is expected to give time to candidates such as Mr Paul Martin, the Quebec-based MP and businessman, to mount a more convincing challenge to Mr Chretien, who was a minister in the Liberal cabinet of Mr Pierre Trudeau.

## FINLAND ON THE WORLD STAGE

### Amer Group:

### Driving for high market shares with a low handicap

By Victor Thorne, Helsinki

Going from strength in key markets, and with an over-subscription of its Euroequity offering of new free A shares reflecting keen international interest in its operations, Finland's marketing-driven Amer Group is continuing to show confidence in its own professionalism with precision acquisitions in fields where it has established positions. The purchase of America's sporting goods manufacturer, Wilson, is a prime case in point.

For Amer, the past financial year was characterised for one, judged by both Finnish and Amer's own standards.

Wilson is a leading worldwide sporting goods manufacturer, with operations that include the production and sale of equipment, apparel and athletic footwear for golf, tennis, American football, baseball and basketball. Wilson's net sales for 1988 amounted to \$424 million on an employee base of 4,600. Amer's acquisition of the Chicago-based concern was completed at the end of March for a total consideration of \$200 million (FIM 860m).

Says Salonen: "Strategically, Wilson fits well with Amer. It operates in a growth business, represents a significant new core business for the group and expands our operations globally. It will also return the emphasis in the group's operations from trading towards industrial activities."

Stressing that the cost of the Wilson deal places no undue strain on the group's resources, Amer's chief explains that the takeover proceeded promptly, accordingly.

"Thanks to Wilson's capable management, its operations have developed favourably during the current financial year. And this goes for all of Wilson's businesses and markets."

Compared with the corresponding period for 1988, the first five months' results for Wilson for 1989 show a near-30% increase in net sales, and new financing arrangements have already reduced the company's previously high financing costs.

"This year, the Amer

## Advertisement

PERCENTAGES OF NET SALES 1989-90

MacGregor

For Amer, which aims to be big in brand names and strives continually for larger market shares, the entry of Wilson adds to a glittering array of marques in the sporting field that include Jack Nicklaus, Golden Bear and MacGregor.

Moreover, the deal brings about something heart to Heikki Salonen's: the worldwide expansion of Amer's operations, in turn creating numerous new international contacts and future opportunities.

The shedding of the Metals Division still leaves Amer as a marketing-oriented diversified corporation. Its major businesses are motor vehicles, paper, wholesale, tobacco, communications and golf.

Listed on the International Stock Exchange in London and on the Helsinki bourse, and with its ADR certificates traded in the US, Amer imports and sells in Finland Toyota, Citroen, Suzuki and Lotus cars, Bridgestone tyres and Solex carburetors and, in the tobacco industry, Philip Morris's Marlboro and Belmont brands.

Additionally, it is a principal operator in the communications industry (Weiling + Götts publishing, Time/Design and Time/System time-planning systems) and in paper merchandising and

converting (Amerpap in Finland and MacGregor Paper in the US).

To complement its range, Amer is also engaged in the consumer goods market and the design and manufacture of the Marimekko interior fabrics and clothing, as well as in the plastics industry.

The group's gross sales for the 1988/89 fiscal year were FIM 8.7 billion. Net sales had increased by 29% to FIM 5.8bn, compared with FIM 4.5bn in the previous corresponding period. New overseas subsidiaries had accounted for FIM 794m of the growth of the group's net sales, with those businesses already in the portfolio in the previous year's returns showing a net sales increase of 12%.

Overseas operations, in fact, more than doubled over the previous corresponding period and represented 26% of net sales.

Amer's liquidity remained good throughout the financial year and its capital base developed favourably. The total equity to assets ratio improved by 47%. Debt to equity ratio was 0.7, and liquid assets at the end of the financial year amounted to more than FIM 1.2bn.

The growth of the company was most significant in the Paper Wholesaling and Converting Division, Korpi-vazara Oy (vehicles), the Tobacco Division, MacGregor Golf Company and the Investments Division.

Amer's Chairman and President is optimistic

about the group's prospects for the year ahead. Working on a total asset base of some \$1bn, the group's strategy is to consolidate its acquisitions to flex its strengthened market muscle and to keep to its existing framework on diversification.

OUR SUCCESS OVERNIGHT WAS NOT AN OVERNIGHT SUCCESS.

In one evening at The Regent Hong Kong, you will enjoy an unparalleled degree of comfort and service refined, revised, polished and perfected over the course of years.

So when you wake up rested and relaxed, with an undeniable sense of well-being, remember one thing. It didn't happen overnight.

the Regent HONG KONG  
A REGENT INTERNATIONAL HOTEL

AMERICAN BARRACKS, BEVERLY HILLS, CHICAGO, HI, HONG KONG, KUALA LUMPUR, MELBOURNE, NEW YORK, SINGAPORE, STONEY BEACH, HONG KONG: TEL 3-7211211, TLX 37134. TOLL-FREE: UK (0800) 282-245, GERMANY 0130-2332, USA (800) 545-4000.

Wilson.

A satisfied Heikki O. Salonen, Chairman and President of Amer, states: "To safeguard the group's future business and growth potential, we have taken deliberate steps to direct our resources to overseas businesses operating in markets of which we already have a thorough understanding."

"Last year, we actively sought ways to strengthen the group and examined potential acquisitions in areas which have synergy with our special skills - and those encompass the marketing, manufacture and distribution of branded goods close to the consumer."

"Wilson seemed the perfect thing. But it was only after extensive investigation that we completed its acquisition at the start of the current financial year. The purchase is a ma-

AMER GROUP LTD  
Mäkelankatu 91, P.O. B 130, 00601 Helsinki  
Telephone: + 358 0 75 771  
Telefax: + 358 0 7577 200  
Telex: 121360 amerc sf

TOYOTA

"We're happy with the portfolio we have today," Salonen remarks, "and we have no intention of broadening it. The Wilson acquisition has made us a much more important player in the sporting goods market, especially in Europe where Wilson was stronger than MacGregor in golf. All round, we have tremendous opportunities for success in this field, now that the sporting goods business is 100% in our hands."

"There is also potential in other areas of our business, too. In paper for Europe, for example. The markets in the European Community and the US will be seeing an increasing Amer presence in the years ahead. We have the management structure, the wherewithal, the marketing experience and the flexibility to take advantage of any opportunities that come our way to do what we set out to do."

"That means being big in our specialist markets with top-notch brand names. And we'll settle for nothing less."

WORLD TRADE NEWS

### EC agrees big cuts in Hong Kong and Korea tape duties

By William Dawkins in Luxembourg

**BIG REDUCTIONS** were agreed yesterday in European Community anti-dumping duties levied last year on videocassettes and videotapes exported from Hong Kong and South Korea.

The reductions were agreed without debate at a meeting of EC Finance Ministers, following an intensive lobbying campaign over the past few months by the Hong Kong Government, which welcomed the changes.

The duties are being reduced from their former provisional rate of between 8.1 per cent and 59.3 per cent, down to a definitive rate of between 1.9 per cent and 21.9 per cent.

Definitive levies have to be paid in cash at the border, unlike provisional duties, where the exporters merely have to produce a guarantee.

The duties are intended to cover the gap between high domestic prices and low export prices.

"The European Commission has...made some significant concessions," said Mr Stuart Harbison, deputy director of trade for the Hong Kong Government. "There can be absolutely no doubt that the Government's involvement has had a major impact on the case."

Brussels' inquiries were triggered by complaints from the EC's four videocassette and tape producers, Agfa Gevaert, BASF and Magna Tona of West Germany and PFM Magnetics of the Netherlands.

Among the Hong Kong companies hit are Swire Magnetics, ACME and Casin. The South Koreans include Goldstar, SEC and Kolon Industries.

The EC producers claimed that unfair Far Eastern underpricing forced them all to make losses - on average 10.4 per cent of sales in 1987.

During the two years before then, the exporters involved more than tripled their EC market share from 8.7 per cent to 27.8 per cent.

Way cleared for ABB to buy Westinghouse Canada plants

By William Dullforce in Geneva

**CANADA'S** Competition Tribunal has cleared the way for Asea Brown Boveri, the European electrical engineering group, to acquire Westinghouse's Canadian plants manufacturing transmission and distribution equipment.

The sale of the Canadian plants was included in the deal by which ABB paid an initial \$300m for 45 per cent of a joint venture in the US with Westinghouse Electric and took an option to buy the rest in 1990 for a further payment of around \$450m.

Westinghouse ABB Power T & D Company merged the electric transmission and distribution operations of the two groups in North America. However, the Canadian Bureau of Competition Policy referred the fusion of the Canadian interests to the Competition Tribunal on the grounds that it would reduce competition.

ABB said it hoped to complete the acquisition before the end of the month, following the draft consent order issued by the tribunal yesterday.

The order stipulates that two plants manufacturing power transformers in Guelph and Hamilton should be operated "at arm's length" until the Canadian Government has decided on ABB's recommendation that it reduce tariffs on imports of some large power transformers.

In countering the competition policy bureau's argument, ABB suggested that competition on the Canadian market could be ensured by reducing barriers to imports.

ABB's annual sales in Canada will rise from about \$280m to \$450m with the acquisition. It said it would invest heavily in Canada to broaden its product range, to increase research and development, and to compete for a larger share of export markets.

### CIT Alcatel signs Iraqi telephone contract

**CIT Alcatel** of France has signed a FF310m (\$45m) contract with Iraq to build or renovate telephone exchanges in several Iraqi cities, writes Reuters in Paris.

The deal was signed in Baghdad with the Iraqi minister of communications Mohammed Hamza. The contract still depends on French government clearance. The scheme covers three exchanges in the port of Basra heavily damaged in the war with Iran and about 10 more exchanges in other towns.

US trade optimism

US Commerce Secretary Robert Moshbacher said he would be concerned by a further rise in the dollar but expressed confidence that, even with the higher levels that the currency reached last week, the US trade deficit will continue to fall.

"Of course I'm concerned if the dollar keeps going up," Moshbacher told the Johns Hopkins Foreign Policy Institute. "But I'm optimistic, from a trade standpoint."

Greece reopens border

Greece has reopened its side of the main Aegean border crossing with Turkey, closed since last Thursday, apparently because of a strike by customs officials.

More than 5,000 people and long lines of vehicles, some carrying perishable goods, started to enter Turkey late last night following the four-day closure.

Tirana pact agreed

East German Foreign Minister Oskar Fischer, on the highest-level Warsaw Pact visit to Albania since 1961, agreed with Tirana that relations between the two communist states were entering a new phase.

Official reports from Tirana said Fischer was met at the start of his three-day visit by Foreign Minister Bels Maille and they agreed to build on their relations and discussed cooperation on trade, culture, sport, travel and the media.

## Aerospace industry's victory roll over Paris

Record orders at air show confirm a buoyant market, writes Paul Betts

**A SPECTACULAR** flight display starring the Soviet space shuttle Buran closed a record-breaking 10-day Paris Air Show at the weekend, confirming not only the buoyant state of the civil aircraft market, but the trend towards international co-operation both in the civil and military side of the aerospace industry.

Deals announced at the show involved the aircraft sector as well as electronics, space and missiles systems.

Thomson CSF, the French state-controlled defence and electronics group, signed on Saturday with Mr Bob Hawke, the Australian Prime Minister, an industrial co-operation deal worth up to FF500m (250m) to renew Australia's air traffic radar control centres.

The day before, Thomson announced it had been chosen by the North Atlantic Treaty Organisation to lead a group of international electronics companies, including Plessey Electronic Systems, Siemens, Fiatel, Intel of Spain and CDC of Canada, to develop Nato's military telecommunications system called MIDS (Multifunctional Information Distribution System). Development costs alone of this programme are put at \$50m and, over a 20-year period, it is expected to represent about \$5m in industrial orders.

Airliner manufacturers announced more than \$6bn worth of orders. Airbus, which had earlier announced a breakthrough into the Japanese aviation market with sales of seven A300-600 airliners, clinched an order for two A-310 aircraft from CSA, the Czech

airline company. This makes CSA the second eastern bloc airline, after Jaterling of East Germany, to order Airbus airliners.

"Don't believe people who say you don't get orders at air shows," said Mr Maurice Dixon, the managing director of British Aerospace Commercial Aircraft, which groups all BAE's commercial aircraft activities.

BAA started the Paris show by announcing a \$500m order for its Jetstream twin turbo-propeller commuter aircraft.

BAA's commercial aircraft order book currently totalled about \$2bn. But although the outlook for the industry remained good, Mr Dixon warned: "What we must be careful of in these days of booming orders are the downturns. They always come."

A French banker added another note of caution in the current euphoria. "This is a cyclical activity. The industry has been growing at present at 10 per cent. Even if it continues to grow by 4-6 per cent in coming years, this will not be the less mean a period of stagnation and lower growth."

The problems of the Snecma-GE CFM56-3C1 engine which led to the grounding last week of 38 Boeing 737-400 aircraft cast a cloud over the show at Le Bourget. But that did not stop the French engine company announcing a series of European alliances, including the acquisition of a 51 per cent stake in the engine division of FN of Belgium and an 11.5 per cent stake in the Norwegian group Norsk Jet Motors as well as a co-operation agreement with KHD of West Ger-



Star of the show: the Soviet space shuttle Buran

many. One of the highlights of the show was the number of co-operation agreements signed between international aerospace groups. Aerospatiale signed a long-term deal with Lockheed, while Matra announced co-operation agreements with McDonnell-Douglas. Matra also won a contract to supply Saudi Arabia with

Mistral surface-to-air missiles. In the space field, the show marked the coming of age of the European Ariane rocket. "The last year and the first half of this year have been a major turning point for Ariane because we have clearly demonstrated our industrial and operational capacity," said Mr Frédéric d'Allest, chairman of Arianeespace, the commercial

consortium which markets the European launcher. Ariane's turnover rose to FF3.67bn last year from FF3.94bn the year before. Over the past 21 months, Ariane has sent 22 satellites into orbit.

The expanding commercial applications of satellite technology was reflected in the last days of the show when a consortium led by Matra was awarded a FF1bn contract by a group called Locstar to build two satellites. Locstar will provide a paging and communications service for the European road haulage industry enabling the tracking and sending of messages throughout Europe.

On the civil aircraft side, there seems little enthusiasm at this stage for new generation airliners, with airline companies apparently content with their existing aircraft.

The excitement over record-breaking orders also seems to have died. Attention is shifting to how aircraft manufacturers will cope with the industrial problems of matching production with their bulging order books.

The vigorous state of the market also appears to have eased the trade tensions between Washington and Europe over Airbus subsidies. European transport ministers said at the show they expected a compromise to be reached with the US next October.

But perhaps what the show most eloquently demonstrated with its huge crowds of visitors, its 1,600 exhibitors from all over the world, and its hectic deal making, is the enormous worldwide interest in what is taking place in aerospace.

## Toyota to enter Europe luxury car market next year

By Kevin Done, Motor Industry Correspondent

**TOYOTA**, Japan's biggest car maker, is to enter the European luxury car market for the first time next year in direct competition with the leading European luxury car makers Mercedes-Benz and BMW of West Germany and Jaguar of the UK.

Mr Shoichiro Toyoda, Toyota president, said the company planned to begin exports of its Lexus luxury car range to Europe, the Middle East and Australia in 1990.

Toyota and Nissan are beginning their assault on the world luxury car market later this year with the launch within weeks of each other in the US of all-new luxury car ranges.

The world luxury car market, the last bastion of the world motor industry left unchallenged by the Japanese, has hitherto been the exclusive preserve of a select band of European car makers.

Both Toyota and Nissan have opted to establish separate luxury car franchises in the US. Toyota under the Lexus name and Nissan under the Infiniti name, but it is not yet clear what sales channel Toyota will use in Europe.

Mr Toyoda said the Lexus flagship car, the V8 4-litre LS400 luxury saloon, would be launched in Japan by the end of this year, but under a different name.

The first of Toyota's luxury saloons rolled off the assembly line last month, en route for

the US. The LS 400 and Nissan's rival, the Infiniti Q45, are the most technologically advanced cars developed by the Japanese automotive industry.

The Lexus will be launched throughout the US on September 1 through a newly developed network of 65 dealers. Nissan's Infiniti range will be launched two months later.

Earlier this month, Toyota fixed the base price in the US of its flagship Lexus LS 400 at

\$85,000, undercutting its European competitors by \$9,000-\$26,000. With all available options the LS 400 could cost \$143,300.

At \$36,000, the LS 400 price compares with \$44,000-\$45,000 for the base model Jaguar XJ6, Mercedes-Benz 300E or BMW 530i. Toyota maintains that the LS 400 more properly competes with the Mercedes-Benz 420SEL and the BMW 750i, where comparable prices are around \$62,000 and \$55,000.

## SIEMENS

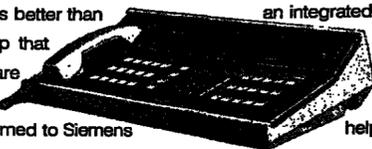
# When it comes to solving communications problems, Siemens takes the biscuit.

With a background of rapid growth, annual turnover of well over £2 billion and over 40,000 employees, nobody knows better than

the United Biscuits Group that efficient communications are vital to business success.

Which is why they have turned to Siemens

to provide them with a system that meets their current needs - and which will expand with them into the future.



Now 18 MCX telephone systems supplied through our subsidiary, Norton Telecommunications, form an integrated network that offers United Biscuits

staff the very latest in telephone technology.

All to ensure that, with Siemens help, the United Biscuits Group will be ideally placed to stay ahead in a competitive business for many years to come.

For further information, please telephone 01-278 0404.



Innovation · Technology · Quality : Siemens

## the time, the place, the moment



Sometimes, you just can't see the whole picture. You can see large parts of it and you have a vague idea about the areas that are missing, but the final connection eludes you.

We're UBS Phillips & Drew and we're very well placed to bring you the whole picture.

By market capitalisation, the Union Bank of Switzerland is one of the largest banks in the world.

That tells you everything you need to know about

our resources, our stability and our confidentiality.

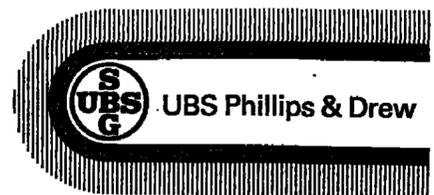
The British connection brings a renowned research ability to your project.

Finally, UBS Phillips & Drew offers you the services of the best-connected financial organisation in Europe.

So bring your project to 100 Liverpool St. We'll bend over backwards.

You'll get the whole picture.

## the connection



EUROPEAN ELECTIONS

Election brings the greatest political fragmentation since the Weimar Republic
Big advance for far-right in W German poll

By David Marsh in Bonn

WEST GERMANY'S ultra-right-wing Republican Party would hold the balance of power in the Bonn parliament if Sunday's European poll result were repeated in the general election in December 1990.

The senior German parties were yesterday digesting this uncomfortable fact as Mr Franz Schönhuber, the Republican leader, held out the possibility of a future coalition with the conservatives.

The success of the Republicans in entering the Strasbourg parliament with 7.1 per cent of the votes follows the far-right's victories in the Berlin and Hesse local elections this year.

The latest gains mark the largest score by a radical right-wing group in a country-wide poll in West Germany's 40-year history. This will almost certainly add to political polarisation in a country which, since 1949, has convincingly forsworn radicalism.

The Republicans' feat in re-establishing German patriotism as a political theme, accompanied by a raw mix of tub-thumping and wheedling on issues like immigration and payments to the European

Community, is likely to have an effect spreading beyond West Germany's borders. Mr Schönhuber meanwhile proclaimed yesterday that the Federal Republic was simply becoming "normal".

The Christian Democratic Union (CDU) and its Bavarian ally, the Christian Social Union (CSU), were badly mauled, registering only 37.8 per cent, down from 46.0 per cent in the 1984 Euro-poll. This was in spite of a rise in the turn-out to 62.4 per cent from 56.8 per cent five years ago.

However, the impact of the reverse on the CDU was limited by the failure of the Social Democratic Party (SPD) to make gains, as well as by the exceptionally poor showing by the CSU in Bavaria, where the Republicans clinched 14.6 per cent of the vote.

Mr Lothar Späth, the Prime Minister of Baden-Württemberg, previously regarded as a favourite to take over from Chancellor Helmut Kohl in the event of a resounding CDU victory, suffered from an above-average Republican swing in his state.

It now seems virtually certain that Mr Kohl will hang on to fight the 1990 election. Not



Republican party leader Franz Schönhuber makes his point

for the first time in his career, Mr Kohl is profiting not from brilliance but from sheer tenacity in the face of setbacks by his rivals.

The result will probably

strengthen Mr Oskar Lafontaine, the Social Democrat Prime Minister of the Saar, in advancing his cause as Chancellor-candidate for the SPD in 1990.

Mr Lafontaine's spirits were lifted by gains for the SPD in his home state. Although the party will not choose candidates before next summer, Mr Hans-Jochen Vogel, the current SPD leader, may be forced to admit that he lacks the sparkle to take on the right-wing challenge.

The SPD scored only 37.3 per cent, against 37.4 per cent in 1984 - well below expectations. SPD officials were in no mood for rejoicing over the disfigurement of the Christian Democrats, admitting yesterday that the Left had suffered "a black eye".

For the first time, five party groupings, all with scores above the 5 per cent necessary for parliamentary representation, are now competing for the attention of voters: the CDU/CSU, the SPD, the liberal Free Democrats, the Greens and the Republicans. This is more political fragmentation than Germany has seen since the Weimar Republic.

As an inevitable consequence of German history, the Federal Republic will now have to prove that this is a sign that democracy is functioning - and not that democracy is losing its grip.

Giscard d'Estaing leads conservatives to comfortable win

By Ian Davidson in Paris

MR Valéry Giscard d'Estaing, the former President of the Republic who was defeated by François Mitterrand in 1981, has made a significant comeback on the French political stage by leading his conservative list to victory in Sunday's election to the European Parliament.

The result is likely to reinforce his personal leverage in the continuing struggle for control of France's right-wing parties.

His comfortable win on Sunday, with nearly 29 per cent of the vote, is a clear political and personal set-back, both for the rightist list headed by Mr Laurent Fabius, which scored less than 24 per cent, and for the break-away centrist list headed by Mrs Simone Veil, which managed less than 9 per cent.

These set-backs are surprising. On the Socialist side, it probably does not represent a rebuke to the government, since President François Mitterrand and Prime Minister Michel Rocard are both enjoying high popularity in the opinion polls. In the centre, Mrs Veil is one of the most respected politicians in France, most widely admired for her long commitment to Europe, as well as for her commitment to the idea of a moderate political force.

Behind the scenes, Mr Giscard d'Estaing's victory is almost as embarrassing for his friends as for his adversaries, since it means he will be a public embarrassment for many years to come, and may well obstruct in some sense to claim the overall leadership of the French right wing.

This would be particularly unwelcome to the Gaullist party, which would wish to assert its own hegemony over the right wing, if it could only construct an appropriate voting identity. One of the most revealing signs on Mr Giscard d'Estaing's victory platform on Sunday night, was the livid grin of Mr Alain

Juppé, secretary general of the Gaullist party.

Yet the conservative victory is, in reality, a very relative affair. In terms of orders of magnitude, the most striking aspect of Sunday's vote is the general failure of the "respectable" traditional parties to mobilise the voters or to hold their own against the challenge of unconventional, single-issue or protest parties.

The abstention rate of more than 51 per cent is the second highest in the history of the Fifth Republic, the record (63 per cent) being held by last year's referendum on the future of New Caledonia. And within the total of those who did vote, only about 60 per cent voted for the traditional political parties ranging from the Socialists to the Gaullists.

By contrast, the Greens made a striking breakthrough with 10.5 per cent, while the extreme right-wing Front National led by Mr Jean-Marie Le Pen came in third behind the Socialists with nearly 12 per cent.

In the past, the appeal of the ecological movement was pre-empted by wide-spread middle-of-the-road support for the national nuclear deterrent and thus for nuclear power. This consensus has been destabilised by Chernobyl and by the new Soviet image projected by Gorbachev.

In last year's Presidential election, Mr Le Pen scored a sensational 14.4 per cent. In subsequent general and municipal elections, Front National scores subsided and nervous democrats breathed easy again. Sunday's vote suggests, after all, that the right voting rules (proportionality) and the right issue (Europe) will reveal a substantial and durable xenophobic lobby in France.

In Paris, the Le Pen list scored 14 per cent; in the Bouches-du-Rhône department round Marseille, 20 per cent; and in the Alpes-Maritimes (Nice etc) 23 per cent.

Communist and Green gains strong in Italy

By John Wyles in Rome

ITALY'S five governing parties were discreetly licking their wounds yesterday after European elections which, undeniably, have been won by the old and the new opposition - the Communists and the Greens.

Europe also won a resounding victory in Italy, with no fewer than 83 per cent of the voters endorsing the view in a parallel referendum that Europe needed to be united under a single government responsible to Parliament.

The election results point to a revival of Italy's previous Frontist coalition with little change in the balance. But there is no guarantee that Mr Ciriaco De Mita, the outgoing Christian Democrat (DC) prime minister, will succeed in forming a new coalition and he may have to make way for another DC nominee.

Of the two domestic political victors, the Communist Party (PCI) success in halting a five-year-long electoral decline was much the most impressive and unexpected.

"We fought like tigers... and it was uphill all the way," said a jubilant PCI secretary, Mr Achille Occhetto, on Sunday evening brandishing a one-point gain in his party's share of the vote since the 1987 general election.

Mr Occhetto had, however, never expected to match the PCI's 33.3 per cent tally in the 1984 European elections.

Determined: Neither did he really expect to hold the line at 26.6 per cent in the face of a determined campaign by all other parties to equate repression in China and the bankruptcy of East European and Soviet Communism with the PCI's brand of ideology.

For their part the schismatic Italian Greens were ruefully wondering how many more votes they could have won if they had united around a single list.

At 81.5 per cent, the voting turnout was admirably high, but Christian Democrats have been the main victims of the fact it was, none the less, 2.6 points lower than in 1984.

Both the DC (32.9 per cent) and the Socialists (14.4 per cent) had been misled by the results of the 1987 election into believing that they would do significantly better and the performance of both parties could be seen as a demand that they stop quarrelling and get on with governing.

Of the other coalition parties, the Social Democrats lost ground while the Liberal and Republican alliance went down to disaster, polling less than their separate strengths in 1987 and joining even less than their joint 8.1 per cent tally in 1984.

The failure of these parties is guaranteed only by an electoral system which has rewarded no fewer than 10 parties or groups with seats in Strasbourg.

Irish results reflect swing to left in Europe

By Kieran Cooke in Dublin

AS COUNTING continued in Ireland's European election last night it appeared that results would mirror the European-wide swing to the left. The left-wing Labour Party and the Euro-Communist-style Workers Party both won seats in Dublin at the expense of the governing Fianna Fail Party and the Fine Gael opposition.

Ireland has 15 seats in Strasbourg and most indications pointed to a further drop in the vote for Fianna Fail, with the possibility of the party losing two or three of its eight seats.

The European election results are likely to be a further setback to Mr Charles Haughey, Fine Gael Minister. In general elections last week Mr Haughey failed to win the majority he wanted and Fianna Fail are now being forced to seek some form of alliance with other parties.

Mr Patrick Ryan, the former monastery priest who was at the centre of an extradition row involving Ireland, Belgium and Britain late last year, made an unexpectedly strong showing as a candidate mainly against British policy in Northern Ireland. He failed to gain election but gained more than 30,000 European votes.

In Northern Ireland, Rev Ian Paisley, standing as an independent candidate, again won a seat at Strasbourg, though with a considerably reduced vote. Mr John Hume secured the SDLP his best ever vote in gaining re-election. Mr Jim Nicholson of the Ulster Unionists won the other Northern Ireland Euro-seat.

Since 1984, the IRA's political wing, its vote slump from the last time around.

Danes' suspicion of Brussels underlined

By Our Copenhagen Correspondent

THE EUROPEAN elections in Denmark ended with no clear winner, but parties opposed to the country's membership of the Common Market kept a high profile.

Sceptical Danes, worried about interference in their domestic affairs from Brussels, voted in large numbers for groupings opposed to the country's membership of the EC in last week's elections.

Results first announced yesterday afternoon gave the opposition Social Democrats, who are mixed on Europe, a one-seat gain to hold four of Denmark's 16 seats in the 512-seat Strasbourg Assembly, while the Popular Movement Against Danish Membership of the European Community - a motley grouping of members of several political parties - caused a surprise by holding on to its four seats, in defiance of opinion polls which had predicted its demise.

The big loser at the Danish Euro-election was the Conservative Party of Mr Poul Schlüter, the Prime Minister, which lost two of its four seats. The Conservatives are in government in a three-party, centre-right, minority coalition with the Liberals, who had a good election, gaining one seat.

The small, pro-EC Centre Democrat Party, which supports the ruling centre-right coalition, doubled its representation to two, while on the opposition side the marked swing to the left noted in other European countries failed to

Strong result may lead Spanish Socialists to tighten economy

By Peter Bruce in Madrid

SPAIN'S Socialist Government, buoyed by its strong mid-term showing in last week's elections to the European Parliament, is thought to be preparing a number of tough fiscal measures to reign in inflation and boost revenues in the next few weeks.

A rise in the price of petrol, which is controlled by the state, is reported to be preparing for next week. The Finance Ministry is studying a possible increase in corporate tax, which, at its current 35 per cent, is below the Community average.

The Government has already

signalled its willingness to impose greater discipline on the economy by taking the peseta into the exchange rate mechanism of the European Monetary System yesterday. The move will severely restrict its ability to fall back on purely monetary measures to combat inflation, now heading for just over 6 per cent for the year, and increase pressure for some fiscal action as well.

The EMS decision was taken a day after it had become clear that the Socialists had performed strongly in European elections last Thursday, despite problems with the trade unions and with inflation. Prime Minister Felipe Gonzalez now feels he has a mandate to adopt a stiffer fiscal course.

The Socialists lost just one of their 28 seats. The Partido Popular, the main conservative opposition party, lost two of its 17 seats while the smaller centrist rival, the Centro Democrático y Social also lost two seats, to bring its total in the European Parliament to five. The Communist-dominated Izquierda Unida won one new seat and now has five.

Close Dutch race seen as straw poll

By Laura Raun in Amsterdam

FOR THE DUTCH the European election results suggest a neck-and-neck race between the governing Christian Democrats and opposition Labour Party in the run-up to the September 6 general elections.

The Euro-elections were generally viewed as a straw poll for the early general elections and indicate some broad trends. The caretaker government of Christian Democrats and Liberals would lose its governing majority now, according to the European vote, which reflects recent opinion polls.

The biggest losers were the Liberals, the right-of-centre partners who brought down the government of Mr Ruud Lubbers, the Prime Minister, last month.

Small, left-of-centre parties which focused on the environment did well, as in the rest of Europe. The Labour Party, however, performed surprisingly poorly, especially com-

pared with Socialists elsewhere. Small, far-right parties gained a little.

In general, fringe parties on the far left and right, and the centrist Christian Democrats, fared well. This reverses the trend in the last general elections, in 1986, when fringe parties lost and mainstream ones gained.

Politicians and pundits are hesitating to extrapolate too closely from the European election to the forthcoming national poll. Voter turnout last Thursday was only 47.2 per cent, the lowest since direct European elections began and about half the 85.5 per cent level in the 1986 elections.

But the clear Christian Democratic gains strengthen Mr Lubbers' hand in his efforts to win a third term in office. Mr Wim Kok, the Labour Party leader, insisted on Sunday night that the left's gains were no reason for Labour to pursue more radical policies in the campaign.

Luxembourg constituency seats remain unchanged

By Tim Dickson in Brussels

THE EUROPEAN elections in Luxembourg produced no surprises. The six seats in the Grand Duchy's single constituency divided the same way as in 1984: three for the Social Christians, two for the Liberals.

Sunday's national poll, however, represented a setback for all three major parties as voters either turned Green or opted for a new group demanding better pension rights for the private sector.

The latter - known as the five sixths party because that is the generous proportion of final salary paid in the pub-

lic sector - took around eight per cent of the votes.

Discussions between party leaders about the next national government were continuing last night but it is likely that Prime Minister Jacques Santer's Social Christians (who represent the single biggest bloc in the Chamber of Deputies, with 22 seats) will continue their coalition with the Socialists (18).

A new partnership with the Liberal Democrats (11) is possible but it is thought Mr Santer is seeking to extract the toughest possible terms this time from the Socialists.

Greece's New Democracy claims first place

By Andriana Ierodiakonou in Athens

THE EUROPEAN elections in Greece coincided with and were obscured by, the general election.

In both contests, the chief contenders were the conservative opposition New Democracy party, the ruling panhellenic Socialist Movement and the Communist Alliance for Progress.

In both, the three parties claimed first, second and third places respectively. With about one third of the votes counted, New Democracy has scored 41.5 per cent of the vote with 10 seats, Pasok 35 per cent with nine and the Alliance 14 per cent with four.

Diana, a Conservative splinter party, polled 1.4 per cent and one seat.

Relative to the national elections, both New Democracy and Pasok lost votes in favour of the Alliance and smaller parties.

The novelty in the Greek Euro-election campaign was the Alliance, a coalition of the Eurocommunist and Moscow-line wings of the Greek Communist movement which, in the 1984 ballot, ran separately. In joining the Alliance, the orthodox Communist Party of Greece (KKE), which has generally resisted the reforms of Mr Mikhail Gorbachev, the

main gains in the European elections in Belgium were made by the Greens and the far right. The Flemish speaking Green party Agalev almost doubled its vote to 8.1 per cent but could not add to its single seat in the last Parliament, while its French-speaking counterpart went up from 3.9 per cent to 5.5 per cent of the poll, thereby doubling its Strasbourg members from one to two.

In Flanders, the anti-immigrant and ultra-nationalist

Vlaams Blok took a seat and a large slice of the vote from the less extreme Volksunie - and may therefore contribute to the latter's doubts about remaining in government while the Christian Social Party (CVP) of Prime Minister Wilfried Martens turned in a creditable performance, going up from under 50 per cent to more than 28 per cent of the vote.

The main losers were the Flemish-speaking Socialists - down from 17 to 13 per cent of the vote (in the process shed-

ding a seat) - and the French-speaking Liberals in Wallonia who now have just three seats in the Parliament (previously four).

As expected, Mr Leo Tindemans, Belgium's Foreign Minister, resigned to concentrate on his Strasbourg ambitions, notably his now open campaign to take over from Lord Flinn as President of the Parliament. He will be replaced as Foreign Minister by Mr Mart Eyskens, a former Prime Minister.

Belgian gains go to Greens and far right

By Tim Dickson in Brussels

THERE were echoes in Belgium yesterday of that once-familiar Ulster election slogan Vote early and vote often. According to a report in the Francophone daily Le Soir, some residents of the linguistically divided Voerens (or Fourons) commune in the far north-eastern corner of the country took advantage of a new option available to them under last year's political compromise for the territory - and voted twice.

This excitement apart, the

main gains in the European elections in Belgium were made by the Greens and the far right. The Flemish speaking Green party Agalev almost doubled its vote to 8.1 per cent but could not add to its single seat in the last Parliament, while its French-speaking counterpart went up from 3.9 per cent to 5.5 per cent of the poll, thereby doubling its Strasbourg members from one to two.

In Flanders, the anti-immigrant and ultra-nationalist

Vlaams Blok took a seat and a large slice of the vote from the less extreme Volksunie - and may therefore contribute to the latter's doubts about remaining in government while the Christian Social Party (CVP) of Prime Minister Wilfried Martens turned in a creditable performance, going up from under 50 per cent to more than 28 per cent of the vote.

The main losers were the Flemish-speaking Socialists - down from 17 to 13 per cent of the vote (in the process shed-

ding a seat) - and the French-speaking Liberals in Wallonia who now have just three seats in the Parliament (previously four).

As expected, Mr Leo Tindemans, Belgium's Foreign Minister, resigned to concentrate on his Strasbourg ambitions, notably his now open campaign to take over from Lord Flinn as President of the Parliament. He will be replaced as Foreign Minister by Mr Mart Eyskens, a former Prime Minister.

Prime Minister Papandreu concedes the lead to New Democracy



EUROPEAN ELECTIONS

Tories anxious to draw lessons from poll setback UK Conservatives cannot ignore their disappointing results, writes Philip Stephens, Political Editor

AMID THE recriminations that were a few signs of relief among Conservatives at Westminster yesterday. The Government had done badly - even Mrs Margaret Thatcher admitted that she was disappointed - but not quite as badly as some feared.

So as Mr Neil Kinnock, the Labour leader, proclaimed his party's triumph, the more far-fetched speculation about instant and radical cabinet shake-ups or policy U-turns was beginning to subside.

The message from 10 Downing Street was that it was not Mrs Thatcher's style to be panicked. Though well attuned to the art of the possible, the Prime Minister believes in conviction politics; and that a "resolute" approach will in the end win the vote if not the hearts of electors.

Greens surge into third place in UK

By Philip Rawstorne

ONE OF the most remarkable surges of electoral support ever seen in British politics brought the Green Party more than 2m votes in the 1989 European elections, compared with 0.5 per cent in 1984.

At the very least, the move ensures that conservation and environmental issues are now more firmly placed on the political agenda. The big parties will ignore them at their peril.

But by inflicting wholesale damage on the Democrats (SLD) and Dr David Owen's SDP as they moved into third place behind Labour and the Conservatives, the Greens may have laid the basis for a more permanent place as a political force.

Some veteran politicians dismiss the Greens as a passing political phenomenon. Mr Norman Tebbit, former Tory Party chairman, yesterday derided them as "the new dustbin vote".

that the presentation and, at least, of the personalities will have to change.

Despite Mrs Thatcher's public statement last week that she had not yet turned her mind to ministerial changes, the consensus is that the pressure for a cabinet face-lift sooner rather than later is unlikely to subside.

Though the Prime Minister herself set the strident tone of the European campaign, the shake-up looks likely to aim both to reassure the country that the government is keeping its nerve and to give it a softer image.

Speculation yesterday was focusing on the replacement of Mr Peter Brooke as Conservative Party chairman by a cabinet "heavyweight" given the authority to restore the

party's confidence and shake-up its image-makers.

Mr Douglas Hurd at the Home Office may be a more likely candidate for reshuffling, but the serious money at Westminster is on changes slightly lower down the pecking order.

The surge in support for the Greens makes Mr Nicholas Ridley's days at Environment look distinctly numbered, with Mr Major, and Mr Chris Patten, the Overseas Aid minister and

Unexpected triumph gives Labour cause for rare celebration

By Michael Cassell, Political Correspondent

Labour took 6.1m votes, or just over 40 per cent of the votes cast nationally. In the process it wiped out Tory representation in Scotland and Wales. The Tories polled 5.2m votes and 34 per cent of all votes cast.

Compared with the last European elections in 1984, Labour achieved a swing of just over four per cent, although it rose above 50 per cent when compared with the 1987 general election.

The party at once moved to capitalise on its win, placing particular emphasis on its ability to pick up votes in those Labour-held areas where it needs to restore its electoral appeal if it is to win the next general election.

In the Midlands, Labour registered an 11 per cent increase in its share of the vote, the second highest in London. Among its London victories, it took London North, the seat which embraces Mrs Thatcher's own parliamentary constituency of Finchley.

Originally, there had been some doubts about the Labour East, which embraces Docklands, could have succeeded because of advancing "Yuppification" but Labour held on comfortably, as it did in other seats once regarded as potentially vulnerable.

Some of the Tory gains in the European assembly, come near the mid-way point in the life of the government. The total turnout, although slightly up at 35 per cent, was still less than half the level at the 1987 general election.

Mr Kenneth Clarke, yesterday quoted the psephologists' suggestions that, if repeated at a general election, Labour would be returned with an overall majority of 20 seats. He believed, however, the party should do "slightly better" than that.

But whatever the pundits and pollsters now predict, Labour's performance has provided a perfectly-timed boost to its step-by-step programme for national recovery, following its party's victory would be nearly swirled.



SMILING VICTORS: The Greens David Icke (left) and Labour's Neil Kinnock savour their parties' results

result - bitterly disappointing.

Asked whether he thought much of the problem stemmed from bickering with the SDP, he said: "I certainly do not think that has helped in the slightest."

Mr Ashdown yesterday wrote to all SLD constituency parties urging them to "stick to our course and remember our strengths."

Paisley top in Ulster

By Our Belfast Correspondent

THE Rev Ian Paisley, Democratic Unionist leader, topped the poll in Ulster, with 160,110 votes, and Mr Hume saw a 4 per cent increase in his vote, which gave him 136,385 first preference votes.

Mr Danny Morrison, Sinn Fein, scored only 45,914, blaming the disappointing result on the South of Scotland, Cleveland and Humberside had been high on the list of possible victories, gains in constituencies like Bristol, Leicester and Midlands Central had not figured in the calculations.

UNITED KINGDOM RESULTS

Table of election results for various constituencies in the UK, including regions like London, Midlands, and South East. Columns include candidate names and their respective vote counts.

Table of election results for various constituencies in the UK, including regions like London, Midlands, and South East. Columns include candidate names and their respective vote counts.

Table of election results for various constituencies in the UK, including regions like London, Midlands, and South East. Columns include candidate names and their respective vote counts.

EUROPEAN NEWS

# Cautious Germans turn green at genetics research

Environmental fears stall chemical groups' advances in biotechnology, writes Peter Marsh

WOULD you like to visit our museum? asks Professor Hansgeorg Gareis, board member for pharmaceuticals at Hoechst, the big West German chemicals group.

The question is tinged with irony and not a little bitterness. Prof Gareis is talking about a gleaming new DM65m (21m) chemicals plant which for the past two years has been mothballed because of objections from environmental groups.

The story behind the delay touches on the deep gulf between West Germany's chemicals industry, the biggest in Europe, and environmental groups who accuse the business of not being sufficiently rigorous on pollution control.

In the case of the Hoechst plant, a mass of steel tubes and pressure vessels which fills a five-storey building in the middle of the company's main production complex in Frankfurt, there is an added dimension.

The factory is intended to be West Germany's first full-scale production plant which makes substances using relatively novel methods of genetic engineering.

This technology is thought by some chemical-industry critics to be fundamentally unsafe although the fears are dismissed by most scientists.

The row over the Hoechst plant is an important test case which may determine to what degree genetic engineering and other novel biotechnology methods become accepted in Germany over the next few years.

How the battle progresses is important not only to Hoechst but to the other two big German chemicals companies,

Bayer and BASF. They are the three largest companies in a world chemical industry which is likely increasingly to turn to biotechnology during the 1990s to make new and existing products more efficiently.

All three German groups have hinted they may choose to site at least some of their new chemical plants in other countries if genetic engineering and other novel technologies continue to be looked upon unfavourably in Germany.

Biotechnology encompasses a set of techniques, including genetic engineering, which have been devised in the past 15 years for manipulating tiny biological fragments in plant or animal tissue.

The methods are based on swapping around the genetic building blocks which regulate the body's growth and the way people and animals transfer some of their biological characteristics to their offspring.

These techniques are highly applicable to making drugs and other health-related products. With the new procedures, scientists can splice small strands of genetic fragments into naturally occurring organisms such as bacteria.

Depending on the genetic instructions coded into the fragments, these organisms proceed to manufacture large quantities of biological substances which may be useful as drugs or other chemicals.

In the case of the Hoechst plant, scientists intend to breed in it large volumes of bacteria which have been "programmed" to make a synthetic form of insulin, a material secreted naturally in the body and which plays a vital part in regulating human metabolic

processes. Synthetic insulin, for which there is a world market estimated at some \$750m a year, is in increased demand for giving to people with diabetes whose bodies do not make enough of the substance.

Hoechst believes its insulin plant is perfectly safe and should prove a more efficient



Prof Gareis, one of West Germany's most distinguished industrial scientists and who has been involved in genetics research from its inception, blames the highly democratic nature of Germany's legal system, put in place after the Second World War to guard against any return to a dictatorship, for the impasse over Hoechst's chemicals facility

method for making the product - which until recently has mainly been obtained from animal carcasses.

The company also points out that its genetically-based production technique largely replicates what Eli Lilly, a US drugs group which is the world's leading insulin supplier, has been doing for several years with little fuss in its own plant in Indianapolis.

That does not satisfy German critics of genetic engineering, who come largely from a series of radical groups, some of them associated with the Green Party.

which might disrupt aspects of plant or animal development.

Most people in the scientific community believe such fears are far-fetched. No horror stories of this kind have so far emerged in the US where most commercial applications of genetic engineering have taken place.

But few scientists are prepared to state categorically that unpleasant side-effects to the technology will never happen as the still-infant discipline develops over the next few decades.

The Hoechst plant has been delayed by objections filed to

the Hesse state authority, which has jurisdiction over planning matters in the Frankfurt area.

There is little doubt, however, that the objectors have significant allies elsewhere in Germany. Much of German public opinion, influenced by the rise of the Green Party and by politicians and media representatives strongly susceptible to environmental arguments, is suspicious about the future social impact of genetic engineering and also about the environmental effects of the chemical industry generally.

This stance infuriates the German chemical companies which point to their generally good record on environmental issues and to the increasing sums they are spending on environmental measures. Cash spent by the industry on pollution-related measures such as systems for disposing of wastes is now running at about DM5bn a year, including capital and revenue costs.

The genetic engineering issue surfaced last year, just as the Hoechst saga was unfolding, when BASF decided to site a new \$40m biotechnology laboratory in Germany but in Massachusetts. One of the factors, the company admitted, was the poor social and political climate for this type of research in its home country.

The decision is thought to have worried political leaders, including Chancellor Helmut Kohl, on the grounds that the hostile atmosphere towards the technology could mean Germany lost out in a field which might turn out to be highly important commercially.

The poor reception given to genetic engineering certainly concerns Prof Gareis, who is

one of Germany's most distinguished industrial scientists and who has been involved in the discipline virtually from its inception. Prof Gareis blames the highly democratic nature of Germany's legal system for the impasse concerning Hoechst's facility.

Much of this was put in place after the Second World War to inject into planning processes a large element of public participation as a way of ensuring the country could not return to a dictatorship.

"The process has gone too far," says Prof Gareis. "You can't stop everything just because a small group of people object."

Even more closely affected than Prof Gareis by the delays to the Frankfurt plant is Mr Frank Schmidt, a 32-year-old biologist who is a laboratory leader at the factory.

He has worked there since it was completed and is resigned to its lack of operation - apart from making small quantities of material for research rather than full production - until at least 1992.

Mr Schmidt has given groups of objectors tours of the plant and is dismayed by their lack of scientific knowledge. He says they do not listen to reason and that the delay is harming his career. "The whole situation is confusing and silly," he says.

As for Prof Gareis, he says that if Germany persists in its general attitudes towards biotechnology, Hoechst and other chemical companies will put their new plants in Japan or the US. "But I hope this won't happen. The politicians will have to listen to our arguments. The Germans are crazy - but not that crazy," he says.

# Top Soviet official sharply criticised

By Quentin Peel in Moscow

A NEW FRONTIER of glasnost was crossed in Moscow last weekend, as a leading government newspaper launched a scathing attack on a top communist party official nominated to be one of the most important members of the new Soviet Government.

The victim of the onslaught was Mr Gennady Bogomyakov, regional party boss in the vital oil and gas-producing zone of Tyumen, in western Siberia, and now proposed by Mr Mikhail Ryzhikov, the Prime Minister, to become the new minister of oil and gas.

At any other time in decades of Soviet rule, Mr Bogomyakov could have hoped for a straight ride into his ministerial limousine from here on.

After more than 15 years' service as party chief in a key province he was being summoned to the big time in Moscow. Confirmation by the Supreme Soviet should be a mere formality.

Instead, he found himself the target of a diatribe in the columns of nothing less than Izvestia, the official newspaper of the Soviet Government.

The gist of the attack was that Mr Bogomyakov had turned his region into a social and environmental wasteland, in his hectic drive to develop the gas and oil fields. Housing, health, culture and social amenities had all been ignored during the party leader's rule, a special correspondent for the newspaper wrote.

But the most damning indictment came only last autumn. A string of party

organisations at factories and other enterprises refused to nominate him to the party committee. "Among his opponents were even members of the local KGB," he said.

When he finally came up for election at the regional party conference in December, he was opposed by an unprecedented 20 per cent of the members. Worse was to come.

When he stood unopposed - to become a member of the new Congress of People's Deputies, Mr Gorbachev's super-parliament, last March, he failed to get even 50 per cent votes in favour, and was scratched from the poll.

Imagine the surprise, therefore, when the people of Tyumen saw their party boss had been nominated instead for such a lucrative post in the new-look Soviet Government, by none other than Mr Ryzhikov himself.

In the old days, Mr Bogomyakov might have laughed it off. But this week he has to face confirmation from people's deputies who did get popularly elected - even if some were more popular than others.

The committee and commissions of the new Supreme Soviet began sittings yesterday to consider members of the new administration, from which more than 50 ministers have been axed, and 25 ministries removed for good. The party boss from Tyumen was supposed to be one of the new generation. It seems, for once, that questions may be asked in the house.

# Moscow outlines arms priority

By William Dufforce in Geneva

THE NUMBER ONE issue for Moscow in the nuclear arms talks with the US is to reach understanding on the link between a 50 per cent cut in the numbers of strategic missiles and observance of the 1972 anti-ballistic missile (ABM) treaty, Mr Yuri Nazarkin, the Soviet Union's chief negotiator, said here yesterday.

He spoke after his first meeting with Mr Richard Burt, the US chief negotiator, as the two entered the 11th round of talks on long-range nuclear weapons and space defences. Differences over the linkage could be resolved by applying the formula agreed by former President Ronald Reagan and President Mikhail Gorbachev at their Washington summit meeting in December 1987, Mr Nazarkin said.

The Soviet Union claims the US agreed then to continue observing the ABM treaty, which strictly limits defences against ballistic missiles. President Reagan later argued for a "broad" interpretation to enable the US to continue with his Strategic Defence Initiative and eventually deploy anti-ballistic weapons in space.

# Move towards freer Berlin

By Leslie Collett in Berlin

EAST GERMANY'S leader, Mr Erich Honecker, agreed to ease contacts between East and West Berlin yesterday at a meeting with West Berlin's governing Social Democratic Mayor, Mr Walter Momper.

West Berliners will be allowed to enter East Berlin and East Germany under a greatly simplified procedure and will be able to spend up to 48 hours in two adjacent East

German districts.

East Germany and West Berlin agreed to co-operate on environmental protection, culture and science and Mr Momper suggested both sides propose that the Olympic Games should be held jointly in East and West Berlin in 2004.

It was Mr Momper's first meeting with Mr Honecker since he took office as Mayor earlier this year.

# Solidarity landslide in Polish second-round elections

By Christopher Bobinski in Warsaw

SOLIDARITY has captured all but one of the 100 seats in Poland's Senate and each of the 161 seats allocated to non-Communist and allied party members in the 460-seat Sejm, the lower parliamentary chamber, unofficial results after a second round of voting show.

The turnout in the second round at 25 per cent was low on a day which was mainly

devoted to choosing candidates for the seats reserved for the established parties including the Communists in the Sejm and races for eight still unfilled Senate seats.

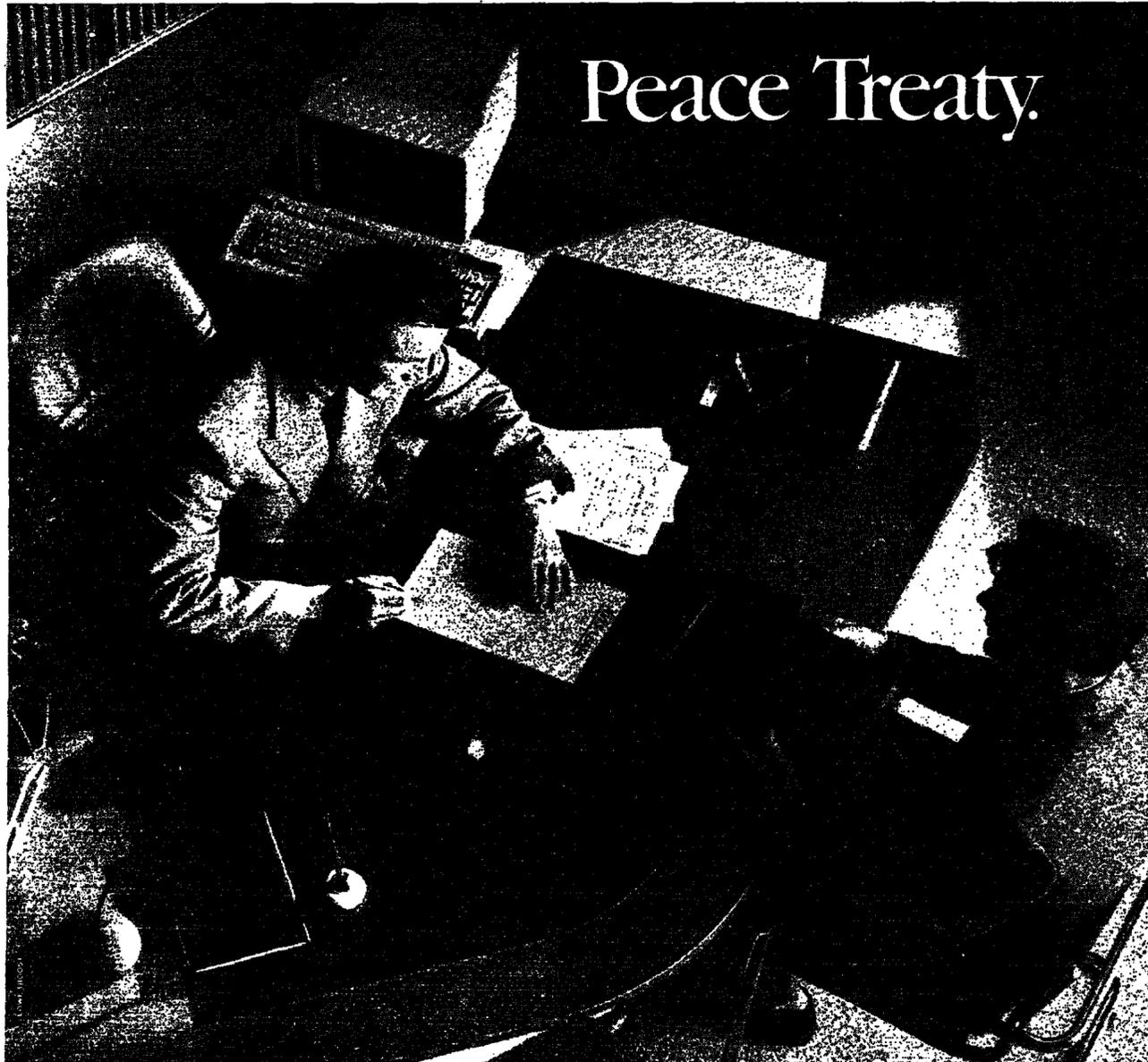
It was only in Pila in north-western Poland that Mr Henryk Stoklosa, a former Communist party member who since 1982 has turned his hand to manufacturing animal feed

additives with considerable financial success, managed to wrest a seat from Solidarity.

Next week the Communist Party's Central Committee is due to meet to discuss the party's candidature for president, expected to be Gen Wojciech Jaruzelski, the party leader. The Communist Party and its allies should have enough of a majority in the

Sejm and Senate combined to elect him president.

The Solidarity-dominated Senate has the right to amend Sejm legislation and the results of the elections mean that the authorities no longer have the two-thirds majority they need in the Sejm to overturn such amendments, leaving legislation from now on at the mercy of a Solidarity veto.



# Peace Treaty.

The ink may not be dry, but the war is over. And another fleet manager has won.

For him it'll be an end to the senseless waste of time, energy and money.

At the stroke of a pen he has traded his problems for total peace of mind.

Can you imagine it? No more worrying about servicing. About insurance. About breakdown assistance and replacement vehicles. Or repairs.

Instead, you'll have the reassurance of working with the company who virtually invented vehicle leasing.

A company who, in Europe alone, leases over 100,000 vehicles.

A company who operates in every country in Western Europe.

A company who will move hell and high water to get you the model you want, in the colour you want and with the accessories you want.

And a company who have the resources to tailor a contract that gives your company precisely what it wants.

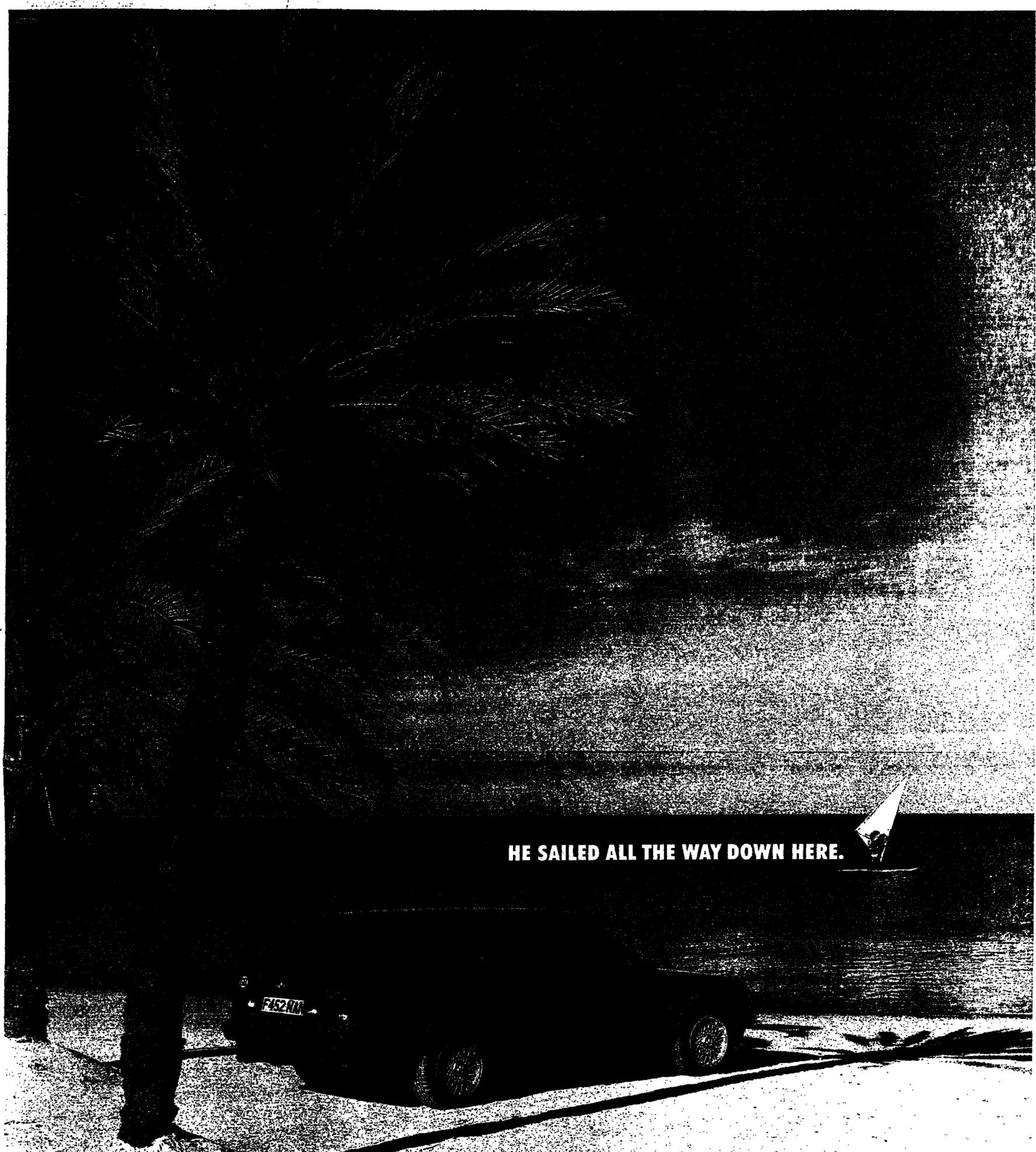
Let's get round that table.

# AVIS LEASE

BELGIUM	DENMARK	FRANCE	GERMANY	IRELAND	ITALY	NETHERLANDS	NORWAY	PORTUGAL	SPAIN	SWITZERLAND	UNITED KINGDOM
32.2/724.05.75	45.1/31.50.30	33.1/40.36.11.44	49.6/107.75.71.40	36.1/77.40.10	39.8/412.61.94	31.20/864.16.33	47.2/84.90.60	35.1/36.11.70	34.1/457.57.22	41.1/810.00.00	44.61/872.90.20

ial  
d

ority



**HE SAILED ALL THE WAY DOWN HERE.**

In any other car he might have found the trip down through Europe a long haul.

But in a 325i Touring it was a breeze.

Mind you, he did have the power of BMW's silky smooth, 2.5 litre, straight six at his feet.

An engine which could launch him from 0 to 60 in 7.6 seconds.

And produce 170 bhp with ease.

It was also equipped with the very latest in sophisticated engine management.

A third generation Motronic system that effectively 'tunes' the engine up to 300 times every second. Making sure the engine runs at its most efficient at all times.

However, the 325i Touring wasn't just built to go like the wind. It was also designed to sail

in the direction it is supposed to.

Thanks to a perfect 50:50 front to rear weight distribution, understeer and oversteer have been minimised.

Whilst it has been given an exceptionally rigid bodyshell to make sure it stays taut even when the going gets rough.

And how does it handle the bumps? Relax.

Twin-tube, gas-filled shock absorbers front and rear give the optimum balance between stability and ride comfort.

Naturally, the 325i Touring is fitted with ABS as standard.

As are a host of creature comforts: power assisted steering, electric front windows, even a levelling control for the ellipsoidal headlamps.

A feature which enables you to keep your lights firmly fixed on the road out in front, by compensating for any load in the back.

And you'd be surprised just how much you can stow on board.

The fully carpeted luggage compartment measures a full 40 cu. ft. with the seats folded.

If our wind surfer had wanted the extra room but not quite so much power, he might have chosen a BMW Touring with a 1.8 or 2.0 litre engine.

As it was he took a 325i Touring on his travels. And now he can't wait to sail home.



**THE ULTIMATE DRIVING MACHINE**

THE BMW 325i TOURING COSTS £29,115. THE 320i TOURING COSTS £16,275. THE 318i TOURING COSTS £13,470. PRICES CORRECT AT TIME OF GOING TO PRESS. INCLUDE CAR TAX AND VED BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE INCORPORATING BMW EMERGENCY SERVICE. £233 PLUS VED. PERFORMANCE FIGURE SOURCE: AUTOCAR & MOTOR. ALL CURRENT MODELS (EXCEPT THE M3 AND M33CSi) CAN TAKE UNLEADED FUEL WITH NO MODIFICATION REQUIRED. FOR A 3 SERIES TOURING INFORMATION FILE, PLEASE WRITE TO: BMW INFORMATION SERVICE, PO BOX 46, HOUNSLOW, MIDDLESEX OR TEL: 01-897 6666 (LITERATURE REQUESTS ONLY). FOR TAX-FREE SALES, TEL: 01-629 9277.

## UK NEWS

## Britain faces rail strike unless court issues ban

By Fiona Thompson, Labour Staff

BRITAIN faces a national rail strike from midnight tonight unless the Appeal Court this morning grants British Rail an injunction outlawing a 24-hour strike by the National Union of Railwaymen.

In the High Court yesterday, Mr Justice Vinelott refused to grant BR the injunction.

BR made its application on the grounds that the NUR had not properly conducted its ballot, but the judge said that a fair evaluation of the evidence put forward by BR did not "come anywhere near" justifying the granting of an injunction.

NUR members on London Underground are also set to strike from midnight tonight despite the NUR agreeing to go to the Acas conciliation service this morning to discuss the dispute its members have with Underground management.

"Time is against us," said the NUR yesterday. "We've wasted several critical days through BR's astonishing action which has rebounded largely on London Underground."

In the High Court, Mr Justice Vinelott said he would not be justified in concluding that there was any real possibility, on BR's evidence, that it would succeed at a full trial.

"However strong the public interest and serious losses to BR, they cannot outweigh the absence of any substantial ground for granting an injunction," he said.

British Rail claimed that it had received numerous complaints that NUR members had not received strike ballot papers.

However, the judge said that even if some union members had not been given the opportunity to vote on the action, this would not have invalidated the ballot because their votes would not have altered the overall decision to call the strike.

The NUR balloted its 70,000 members on taking strike action over a rejected 7 per cent pay offer and the abolition of national pay bargaining. In a 70 per cent turnout, the rail workers voted by 29,675 to 20,704 for a series of 24-hour stoppages.

In a 50-minute judgment after a three-hour hearing, the judge said there was no suggestion of any dishonesty in the union's alleged failure to ballot all its members.

British Rail had taken an "extreme stand," claiming that even an inadvertent failure invalidated the ballot.

But the judge disagreed. He said that over the weekend the NUR had collected an "impressive body of evidence."

Much of the BR evidence checked by the union had been shown *prima facie* to be unfounded.

The judge said BR's evidence was "largely indirect" - the NUR pointed out that there was no evidence that those who said they were not given the opportunity to vote were actually interviewed.

"There is a very big difference between saying that a member has not been given a voting paper and saying he was deprived of the opportunity of voting," said the judge.

"There is no room for doubting the validity of the ballot in this case," he said.

BR's appeal will be heard this morning by Lord Donaldson (Master of the Rolls), Lord Justice Butler-Sloss and Lord Justice Stuart-Smith.

The three judges were told last night that it would be essential for the appeal result to be known by 1pm today.

Mr Paul Watkinson, BR's employee relations director, said after yesterday's court ruling: "We fell at the first fence, but one fence does not make a race."

## Stewards call off wildcat docks strike

By Jimmy Burns, Labour Staff

THE 12-day unofficial docks strike was called off yesterday by shop stewards after more than 2,000 dockers at Tilbury, Garston and Liverpool voted to return to work by today.

The stoppages were called off as the House of Lords began to hear an appeal by the TGWU transport union against an Appeal Court ban on official docks strike action.

The National Association of Port Employers (Nape) predicted that from today there would be "business as usual" throughout Britain's ports.

It added: "We are glad that the dockers have realised the futility of their strike action."

Mr Jimmy Nolan, the unofficial strike leader, warned that if the House of Lords ruled against the union, there would be further strike action.

Mr Nolan said: "It all rests on the House of Lords. If they fall us, then the strike will be back on again and I am convinced that each registered dockster in the country will join us."

In Tilbury, however, some shop stewards privately conceded that the refusal of dockers in at least two key ports - Southampton and Hull - to continue working last week had limited the impact of the unofficial strike.

They indicated that even if the House of Lords ruling went against the union, they would not immediately back another unofficial strike.

The next stage in the dispute, after the court case, is likely to be made clear at the union's annual conference which begins on June 28.

A motion before the conference from delegates urges a future Labour Government to preserve and extend the Dock Labour Scheme which Mrs Thatcher's Government is committed to abolishing next month. The scheme regulated employment and working conditions at 64 British ports.

The motion is likely to lead to a major and potentially acrimonious debate about the union's handling of the dispute during which there were strong calls for national strike action.

Mr John Connolly, the national docks officer, said that his union could not decide on whether or not to hold another strike ballot until the House of Lords had made its ruling.

TGWU officials are insisting, however, that a new strike ballot will be organised if the House of Lords rules in the unions' favour.

They remain confident that a renewed strike call in support of a nationally-negotiated agreement with employers will be supported by a majority of workers.

Mr Ian Hamilton Fazez adds: "The Port of Liverpool has lost one shipper bringing in 100,000 tonnes of cargo a year as a direct result of the unofficial action."

Canada Maritime, which was set up three years ago to operate a monthly roll-on, roll-off service between Montreal and the UK, is going to stay at Cardiff, in Wales, where it moved when the Liverpool men closed down their port.

## Main banks may join new student loan scheme

By David Thomas, Education Correspondent

SOME of Britain's main commercial banks look set to participate in a new private company to administer Government proposals for student loans called yesterday.

The company will administer the maintenance loans, to be introduced in September 1990 for the Government. They will charge in return a fee to account for administration charges and the company's success rate in recovering the loans from graduates.

When the scheme is operational more than 1m students will be eligible in any year for a loan - worth over £400 on average in a full year.

When the Government announced its loan proposals in November, it had hoped that financial institutions would bid against each other to administer the scheme.

However, the institutions proved reluctant to participate at first, fearing to be seen as the Government's debt collecting agency among students.

The institutions proposed a collective solution, whereby individual institutions would be free to join a single administrative agency.

Under the scheme announced yesterday by Mr Kenneth Baker, Education Secretary, students will be able to present their loan certificates either to branches of institutions participating in the company or to the company itself. No financial institution has agreed to join the company before further talks to be held about the details with the Government, but Mr Baker told the House of Commons he was confident that enough institutions would wish to participate to ensure that the company was viable.

Lloyds and National Westminster reacted cautiously, saying they would await the outcome of the further talks. Barclays and Midland were more positive.

"Provided the issues that are outstanding can be resolved, there is a likelihood that most of the big banks including Barclays will participate," Mr Seymour Fortescue, director of Barclays' retail banking operations, said.

Midland added: "Obviously we're interested, though it's too early to say yes or no."

Mr Baker said the scheme would cost between £10.4m and £14m a year to operate, equivalent to 25-312 per student account a year in 1985, when the scheme is operational.

Default costs would be additional and are estimated at about 26m a year on the basis of assumptions in the Government's draft law published in November. These figures exclude the interest rate subsidy built into the Government's scheme.

The Government has also agreed to meet further start-up work by the Committee of London Scottish Banks and by the new company, estimated at between £8.3m and £11.5m.

Alternative estimates of the scheme's costs as high as £250m a year have been given by independent observers, but these have been dismissed as inflated by the Government.

Mr Baker also announced that graduates will repay the loans over a standard period on the basis of equal amounts, adjusted annually for inflation.

The obligation to repay will be deferred when a graduate's income falls below certain levels. The Government may use multiple cut-off points, allowing it to distinguish between different types of graduates on the basis of earning power.

The National Union of Students said last night the banks would regret participating in the scheme. It said it may organise a student boycott of participants. However, one senior clearing banker was already speculating yesterday about including the Government loan in the bank's existing package of offerings for students.

## Consultancy plan attracts 28,000 companies

By Charles Batchelor

SOME 28,000 small and medium-sized British companies have applied for subsidised management consultancy help under the Enterprise Initiative since it was launched 18 months ago, Lord Young, Trade and Industry Secretary, said yesterday.

The consultancy scheme has been successful in helping smaller companies improve their management strategy,

Lord Young said. However, despite extensive television advertising, it has still reached only 15 per cent of its target market.

To broaden the appeal of the scheme, the Government will use the proposed Training and Enterprise Councils, to help deliver the initiative. The Government plans a network of 80 local TECs, private sector led organisations which are to

take over responsibility for training and small firms assistance, in England and Wales.

Of the 28,000 companies which have applied for the initiative, 19,000 have been approved, a small number have been turned down or referred to other schemes while the rest are still in the five-week 'pipeline' awaiting consideration.

The initiative pays half of the cost (two thirds in assisted

and urban programme areas) of between five and 15 days' consultancy advice to firms employing up to 500 people.

The first in-depth review of the scheme, carried out by consultants Segal Quince Wicksteed, showed that it had prompted nine out of 10 applicants who would not otherwise have sought such help to apply for consultancies in areas such as marketing and design.

### In Brief

#### BSB raises £70m amid troubled launch

BRITISH Satellite Broadcasting, the satellite television company, has raised an additional £70m in commitments from its 10 shareholders. The latest round raises the total raised by the BSB consortium in cash, guarantees and corporate commitments to £425.5m.

The new commitment will be seen as a vote of confidence in the project by shareholders despite serious technical problems and the fact that Mr Rupert Murdoch's rival Sky Television will have an extra six months to build up an audience.

#### Petrol cuts

Shell, Esso and British Petroleum, which between them control about 60 per cent of the UK petrol market, announced reductions in the wholesale price of petrol of up to 6.7p in response to a cut of 6p per gallon by Petrofina on Friday.

#### Biotech research

Nine UK groups, including Alessi, Croda, Wellcome and Unilever have declared an interest in a £7.5m, government-backed research programme to boost industrial use of biotechnology.

#### BA strike ballot

British Airways cabin crew who are members of the Transport and General Workers' Union will be balloted on strike action in support of a dismissed air stewardess. BA indicated the dismissal decision was irreversible.

#### ICI pay offer rejected

Union leaders of Imperial Chemical Industries' 29,000 manual workers have rejected an 8.8 per cent pay offer. They had been pressing for a significant improvement on the initial offer of 7.6 per cent.

#### Forklift buyout

Hamech, British-owned forklift truck maker with an annual turnover of £24m, has been bought by its board of directors after 33 years in the ownership of its founder, Mr Peter Hawkins.

## Think-tank calls for 'new Hong Kong' in Scotland

A NEW Hong Kong could be recreated on the remote west coast of Scotland to provide the colony's residents with a haven from the Chinese takeover, according to a radical plan put forward yesterday.

Coastal sites in Wales or Cumbria are other possible options for a new colony, according to the Adam Smith Institute, the free market think-tank.

It says Britain has a moral responsibility to help those among the 3.2m British passport holders frightened that recent events in Peking may be repeated after 1987.

There is no room in Britain's congested towns and cities and other countries would be unlikely to take a large number of refugees, Mr Douglas

Mason, the institute's domestic policy adviser, argues.

The answer is to allow former Hong Kong residents to duplicate their enterprise economy in a new colony at a sparsely populated coastal site in Britain.

Mr Mason - whose report on the poll tax in 1983 formed the basis for the Government's community charge - suggests the site could be in Wales, Cumbria, north-west England, or Scotland.

Scotland would be particularly appropriate given its long history of liberal economic thought, its record of racial tolerance and its strong economic growth, he says.

A Home for Enterprise, Adam Smith Institute, PO Box 316, London SW1P 3DJ, £2.



### DEVELOPMENT CAPITAL

## WE DON'T THINK A SMALL THING LIKE MONEY SHOULD HOLD YOU BACK.

There are times when money can mean all the difference in making things happen for your company. Whether you need capital for growth, a new equity partner, or the freedom to realise some of your own investment, Charterhouse can help.

Last year Charterhouse Development Capital invested £83 million in 58 companies in the UK to help management teams to achieve their goals. That is nothing new at Charterhouse. We've been investing in companies for over fifty years.

But we recognise that money isn't everything. We are there to help with your plans, too. We stay close enough to ensure that we are committed to your company's future, without interfering in its management.

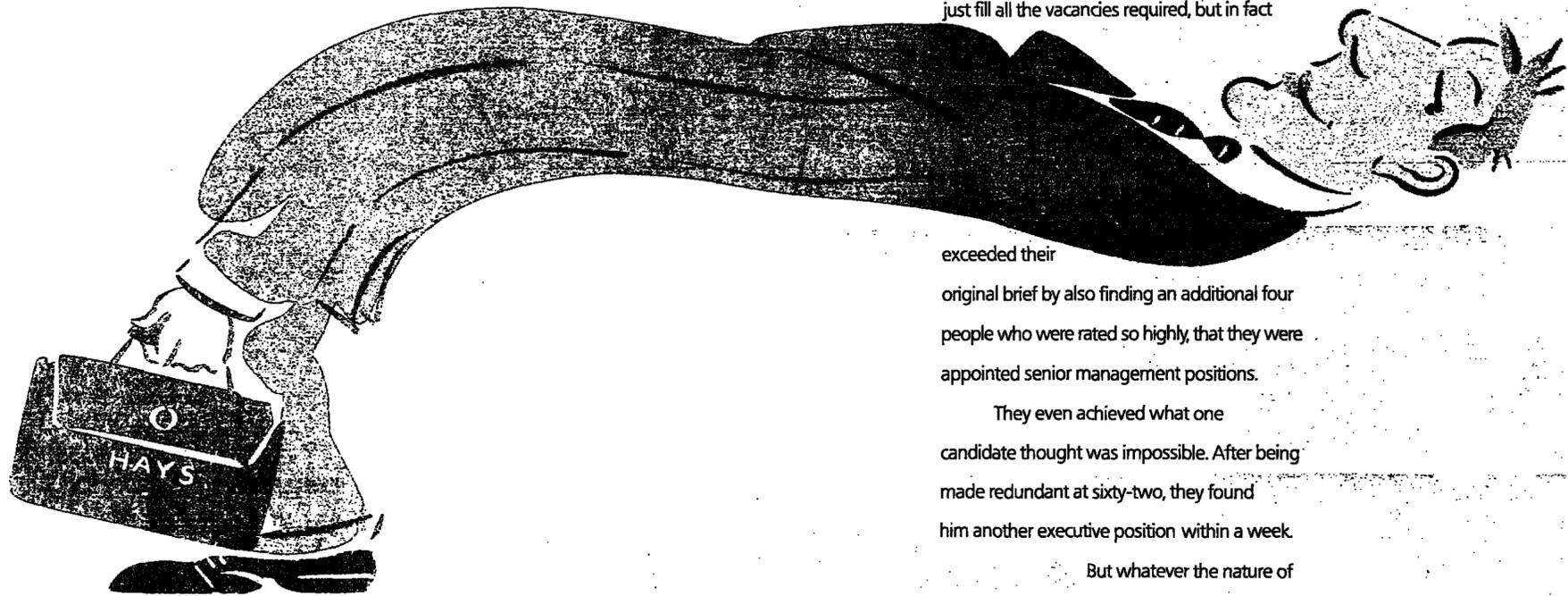
So, to find out how we can help make possible the potential of your company, call

Edward Cox on 01-248 4000.

**CHARTERHOUSE**  
Potential Made Possible



WHATEVER  
WE DO  
FOR OUR  
CUSTOMERS,  
THE STORY'S  
THE SAME.



Hays is one of the largest and most successful business services groups in the country with over thirty-six different companies.

But the one thing all our companies have in common is something we like to call - The Hays Approach.

Whatever field you're in, we get to know your business backwards in order to take it forwards. Solving our customers' problems, is all in a day's work to us. Even if that means a twenty-four hour day, we'll bend over backwards to help.

Take for example, Accountancy Personnel. When the Fred Olsen Line was re-locating from London to Ipswich last year, they asked Accountancy Personnel to fill twenty-one accountancy positions fast.

It was a tall order for any company, but Accountancy Personnel interviewed over 200 possible candidates in four weeks. They didn't just fill all the vacancies required, but in fact

exceeded their original brief by also finding an additional four people who were rated so highly, that they were appointed senior management positions.

They even achieved what one candidate thought was impossible. After being made redundant at sixty-two, they found him another executive position within a week.

But whatever the nature of our customers' problem, whether it be in specialist staff recruitment, office support, or specialised distribution, we'll go out of our way to solve it.

We achieve this by investing in good management and recognising the importance of our customers' satisfaction. It's the secret of our success. And our customers'

**Hays**

Hays plc, Hays House, Millmead, Guildford, Surrey GU2 5HJ.

WE'RE WITH YOU ALL THE WAY

UK NEWS

# Sweden, Norway attack Britain's acid rain record

By John Hunt, Environment Correspondent

THE SWEDISH and Norwegian Governments are mounting a campaign today criticising Britain's performance over the reduction of sulphur dioxide which contributes to the acid rain damaging forests and lakes in Scandinavia.

A spokesman for Issue Communications, the public relations company handling the campaign, said that the Swedes and Norwegians had been negotiating the issue with Britain's Departments of the Environment and Energy for some time.

However, because of lack of progress the two governments have decided to go public. They are launching their campaign at the Central Electricity Generating Board's Power Plant UK exhibition in Birmingham today and are likely to take the campaign on tour later.

Mr Steve Newman of Issue Communications said that Norway and Sweden had been completely frustrated by the talks.

A statement from the two governments says that Britain's 42 fossil-fuel power stations are "environmentally dirty." It says that only one, Drax in Yorkshire, is being cleaned up for operational use by 2003 - the deadline by which the UK must have achieved a 60 per cent sulphur sulphur emissions under a

# Investor watchdog clampdown on adverts

By Sara Webb

THE Securities and Investments Board, the main financial services industry watchdog, plans to clamp down on fraudulent and misleading advertisements for the different kinds of investments on offer by monitoring advertisers much more closely in future.

The SIB and the self-regulatory organisations which oversee specific financial services sectors (Laurio, Fimbra, TSA, AFSD, and Inno) yesterday called on the public to help keep an eye out for offending advertisements related to investment products such as life assurance, unit trusts, personal pensions, futures, options and personal equity plans.

The regulatory bodies will be paying closer attention to advertisements on television, radio, in the press and via direct mailing in the hope of detecting fraud early on.

The aim is to improve the protection offered to investors, although the regulatory organisations admitted yesterday that the scheme probably would not have helped in detecting such scandals as the Barlow Clowes affair.

The monitoring service is also intended to end misleading or confusing advertisements and the regulatory organisations have issued a brochure of guidelines for the public.

The main areas of concern include advertisements which lack adequate warning about the risk entailed in an investment, or which contain poor descriptions of the product being advertised. The SIB is also anxious to stop advertisements "where past performance is dressed up as possible future performance", according to Mr Kit Jehens of Laurio.

The new monitoring service will cost about £40,000 in the first six months, and will come out of subscriptions from regulatory body members.

The regulatory bodies will liaise with the Independent Television Association, the Cable Authority, the Direct Mail Services Standard Council, and the Local Authorities Co-ordinating Organisation on Trading Standards.

# Trade chief queries EC role in mergers

By Nikki Tall

SIR Gordon Borrie, director general of the Office of Fair Trading, yesterday questioned whether it would be possible for the European Commission to have exclusive control in practice over "pan-European" mergers.

He also stressed the need for close liaison between national merger authorities and the Commission if a new form of EC control is adopted. He also emphasised that merger decisions taken by the Commission should concentrate solely on the competition implications of the deal, rather than wider social, industrial or economic policy issues.

Sir Gordon argued at a workshop of the International Bar Association in Berlin, that even if the Commission had exclusive jurisdiction over certain mergers, "it is doubtful whether in practice a one-stop shop" for the consideration of those mergers can be assured.

"The idea of 'one-stop shop' has attractions but in practice, I doubt whether it will be a reality in many cases," said Sir Gordon. "To the industrialist, speed and legal certainty are desirable. He will not be prepared to go to only one authority if there is any possibility that another will also have jurisdiction at a later stage."

He conceded there appeared to be general agreement that no national authority should have the right to permit a merger which the Commission had prohibited as anti-competitive. However, he raised the question of whether a national authority should be able to block a merger, covered by the regulation which had been cleared Commission level.

"It is envisaged that under the latest proposals the Commission will clear, within one month, an estimated three-quarters of all the mergers which come within the scope



Borrie: dubious about the 'one stop shop' approach of the regulation, he said. "No formal decision will be taken

in these cases when it seems clear at this initial stage that there are no competition problems.

Some member states argue that these mergers, on which the Commission makes no specific decision, should fall back into the member states' jurisdiction."

Sir Gordon also pointed out that there would be provision for member states to intervene when "legitimate national interests" were at stake and the possibility of legal action in national courts under the Treaty of Rome would not be discounted.

"While I understand the reasons why Sir Leon Brittan and his predecessor have stressed the importance of a 'one stop shop'... I think that in practice there will be less of a 'one stop shop' than many are assuming."

# Call for early plan on equity settlement

By Barry Riley

HENDERSON Administration, the leading City of London investment management group, is pressing for the early introduction of five-day rolling settlement in the UK equity market.

It believes this question should be handled separately from the introduction of Taurus, the controversial paperless settlement system which the International Stock Exchange is struggling to develop in consultation with banks and institutions.

In the past, lobbying on the early introduction of five-day settlement has come mainly from foreign securities firms. They are accustomed to rapid settlement in their domestic markets and would like to shorten the extended exposure to the UK market which is implicit in the existing account system.

Henderson, which manages portfolios totalling some \$9bn, says in a paper it has sent to the Bank of England: "We believe both that we can operate five-day rolling settlement which before Taurus is implemented, and that we would derive significant benefits from doing so."

He added that immediately following the implementation of Taurus "may not be a very good time to change the settlement arrangements."

At present, settlement of bargains in UK equities is confined to an account day every two weeks (sometimes three weeks) in respect of bargains dating anything up to four weeks earlier.

It is accepted that this system must be replaced by the more internationally acceptable five-day rolling basis but implementation in the UK could be several years off.

According to Stock Exchange officials, five-day settlement would be "almost impossible" in the near future, although there are suggestions that rolling 10-day settlement might be more practical.

The Stock Exchange denies that there is any widespread pressure from UK institutions for the early introduction of five-day settlement.

# Moslems to challenge law of 'Christian' blasphemy Religious leaders win reprieve on bid to bring Rushdie to court

By Robert Rice, Legal Correspondent

MOSLEM leaders were yesterday given leave by a High Court judge to challenge the refusal of a Bow Street magistrate earlier this year to issue blasphemy summonses against Mr Salman Rushdie, author of *The Satanic Verses*, and his publishers, Viking Penguin.

The magistrate had refused to issue summonses on the ground that the law of blasphemy only applies to Christian beliefs.

Granting leave to Mr Abdul Choudhury, convenor of the British Muslim Action Front, Mr Justice Nolan warned that his decision was not to be taken as sign for further demonstrations which might lead to breaches of public order and prove counter-productive.

The judge said his decision to grant leave was based on a 1980 High Court ruling which stated that in a case where the existence of an offence was disputed, both parties should be heard before it was decided whether the offence was "known" to English law or not. He warned the Moslems,

however, that legal precedent was against them. The House of Lords had clearly established in the 1978 prosecution of the magazine, *Gay News*, over publication of a poem about a homosexual's conversion to Christianity, that a blasphemous libel was "a matter calculated to outrage the feelings of Christians."

However, that case had involved a clear attack on Christianity and had not addressed the issues which Mr Choudhury wished to put forward, the judge said.

After the hearing, Mr Ali Azhar, counsel for Mr Choudhury, said his clients would now be seeking the whereabouts of Mr Rushdie to serve him with legal documents.

Mr Rushdie has been in hiding under Special Branch protection since he was sentenced to death by the late Ayatollah Khomeini of Iran in January.

Mr Azhar said: "We will now seek to show that any religion, including Islam, can be included in the offence of blasphemy."

relates to outrageous comments about God, holy persons or articles of faith.

Since 1838, the law has been thought only to protect Anglican (Church of England) beliefs and has largely fallen into disuse. The 1978 *Gay News* prosecution is the only one to have been brought since 1922.

It involved a close re-examination of the blasphemy laws establishing that the words complained of must speak for themselves and that the intention of the publisher is irrelevant.

Once publication has been proved, the only issue for a jury to decide is whether the dividing line between moderate and reasoned criticism and immoderate or offensive treatment of Christianity or sacred subjects, has been crossed.

In 1981, the Law Commission concluded that there was no point in reforming the law. Its ambit was so wide that it was impossible to predict in advance whether a particular publication would constitute an offence.

# Airline to discuss crash payments

By Our Belfast Correspondent

BRITISH MIDLAND is to meet legal representatives of the victims of the Kegworth air crash next week to discuss the possibility of making further interim compensation payments, it was disclosed yesterday.

However, requests by the lawyers acting for relatives of the bereaved and injured for a meeting with Boeing, the aircraft makers, have so far been unsuccessful.

The requests relate to the crash in January of a Boeing 737-400 near Kegworth in the Midlands. The disaster left 47 dead.

British Midland has already paid out lump sums of £5,000 to relatives of the bereaved and injured to alleviate immediate financial hardship without prejudicing further claims.

A committee acting for the 50 UK solicitors involved in the case met in Belfast yesterday. They received a report from a representative of their American lawyers who have issued proceedings in Louisiana against Boeing and CFM International, the Franco-American engine makers.

# SE prosecution of insider dealing to be limited

By Richard Waters

THE Stock Exchange will not prosecute the most significant cases of insider dealing, although it is expected to be given powers to pursue minor cases, it emerged yesterday.

The Department of Trade and Industry is due shortly to introduce an amendment to the Companies Bill, which is currently at the committee stage, giving the Exchange the ability to prosecute cases.

This should speed up those cases where the exchange

already carries out most of the investigatory work but has to pass on its findings to the DTI for prosecution.

The exchange is unlikely to become involved in any highly visible cases, however.

This is partly because the exchange, while being able to prosecute, would not have the powers available to DTI inspectors under section 177 of the Companies Act. This grants powers to question witnesses and inspect documents.

## IT'S EASY TO SEE THE BENEFITS

**COSTS**

How to meet the challenges of the 1990s - a question constantly being asked by all forward-looking companies.

Unfortunately, it is one not easily answered. Companies in Central Region, however, have a head start on those operating in other parts of the United Kingdom.

Firstly, operating costs are relatively low. Property rentals and land costs are highly competitive. A pool of skilled labour is readily available and an excellent transportation network allows fast and efficient sourcing of raw materials and components and markets to be easily accessed.

Secondly, companies are surrounded by outstanding R & D facilities and opportunities to utilise some of the country's finest graduates. Seven of Scotland's eight universities are within an hour's drive of the region, while at Stirling University Innovation Park sites and units are available for companies at the leading edge of technology.

And thirdly, the area's healthy mix of companies means unique opportunities to develop Just In Time manufacturing techniques and joint venture and sub-contracting contracts.

Diversity is the key to the Central economy. Traditional and indigenous businesses operate alongside multi-national giants. Major companies such as Wang, ICI, Scottish Amicable and British Alcan all profit from the Central experience.

For further information on how Central Region can help your company expand into the 1990's call or write to David Moffat, Industrial Development Department, Central Regional Council, Stirling FK8 2NH. Tel: 0786 73111 Ext. 475. Fax: 0786 50802.

**LOCATION**

**WORKFORCE**

**RESEARCH**

**TECHNOLOGY**

**Central Region**  
The Heart of Scotland

## Take advantage of our pole position in East-West trade.

**GZB-VIENNA**  
Genossenschaftliche Zentralbank AG

**X**

A-1010 Vienna, Herrengasse 1-3  
Tel. 717 07-0  
Telex 136 989, Swiftcode: ZENT AT WW  
Representative offices in New York, London, Hong Kong, Singapore, Milan and Zurich.

Your Austrian partner in East-West trade.

Vienna is a traditional centre for East-West trade. As a neutral state in the heart of Europe we have close cultural and economic ties to East and West. You should take advantage of these contacts if you want successful East-West transactions. GZB-Vienna is the bank that has all the necessary qualifications: along with its trading house F. J. Elsner & Co., it offers

- \* countertrading transactions; \* dissolution of counter-purchasing obligations
- \* individual trade financing, including a forfait purchase of receivables, as well as
- \* speedy and smooth settlement of payment transactions.

MANAGEMENT: The Growing Business

Local services

The town hall lends support

Charles Batchelor examines the role of councils in providing finance and a variety of facilities to promote economic development in their areas

Would you go to your local town hall for help on how to set up in business or expand your company? Imagine all those miles of corridors, bored officials and dingy waiting rooms.

Howard Francis, head of the Business Advice Service in Lewisham, south-east London, has been able to avoid this problem. He offers help to new and growing companies from a smart shop fronting Lewisham High Street, sandwiched between the Karizma cocktail bar and Barclays Bank.

"People don't consider us to be the council," says Francis, an accountant, who previously worked for the Department of Trade and Industry's investigations branch. "Being away from the town hall means we can dispel some of that bad image."

Lewisham's approach to helping growing businesses is just one of a wealth of new initiatives that have come out of Britain's town halls and council offices in recent years. Many local authorities have set up economic development units to boost local employment and create a more favourable business climate.

"It's not just the places you would expect - the inner cities and the North - where this is being done," notes Lis Mills, a researcher at Birmingham University's Institute of Local Government Studies. "It is happening in the Home Counties as well."

This sudden flowering of economic development activity was due mainly to the economic downturn of the early 1980s when many councils felt they had to do more to combat rising unemployment.

Economic development work is not aimed solely at the smaller company. But the decline of many large-scale industries and the limited prospects in many areas of attracting inward investment has meant many councils have concentrated on fostering local small and medium-sized firms.

Three-quarters of all district councils now give business advice while more than half give financial assistance to businesses, according to a recent survey by the Association of District Councils.

A different set of priorities

THE GENERAL enthusiasm for backing small business is not shared by every local authority. Ealing, a Labour borough in West London, for example, concentrates its activities on helping larger companies in the borough.

"Anything we can do to affect jobs in large companies is worth years of work in small companies," says Phil Blackburn, chief economic development officer. Ealing's policies have been moulded by the closure of several large factories in

the area though, with about 20 large employers, the area still has a strong big business base. Blackburn's approach has also been influenced by research which showed that support for medium-sized and large companies was more effective than backing small firms.

Ealing now has a two-pronged approach to economic development. It acts as what Blackburn calls "internal advocate" within the council for the needs of the large companies. "The unit has a brokerage role between local companies and the bureaucracy of the council," he explains.

It also sets out to break down the barriers which prevent local people finding jobs. Despite their suitability for the job market many women were prevented

from working by a lack of child care facilities. Other unemployed men and women did not take up training opportunities because they did not understand the prospectuses put out by local colleges. Ealing has responded by promoting workplace crèches and touring housing estates with a mobile job shop.

This does not mean that the borough neglects small firms. But requests for help are referred to the local enterprise agency and the co-operative development agency which, Blackburn feels, are better able to assist. Ealing is also due to launch a £2m venture capital fund using the borough's own pension funds. The money is intended for established, expanding companies rather than for start-ups however.

Both of Humberside College of Higher Education concluded. However, Mel Taylor, economic development officer for Baringley and herself a former planner, says it is becoming easier to find staff with the right mix of skills. "There is a growing number of people who could be called professional economic development officers," she comments.

Some councils acknowledge that they do not know all the answers themselves. "We would not presume to give advice on how to run a business," says Jill Norman, assistant industrial liaison officer for Sandwell Council in the West Midlands. "We would use consultants and refer people to the agencies which can."

How effective are the councils in backing new enterprises? Financing small businesses is a risky business, as any bank manager or venture capitalist will confirm. Some authorities have been forced to write off large chunks of their investments through inexperience or because they have allowed social objectives to override sound commercial judgements. The indications are, though, that councils are getting together in dealing with unrealistic proposals and are monitoring their investments more closely. Lewisham is introducing three-monthly reviews of its investment businesses.



Howard Francis: Dispelling any adverse council image

economic development power but it also gives the Environment Secretary considerable powers to regulate their activities.

Some local authorities have set up separate companies to carry out economic development work. They may be forced to reduce their holdings in these companies to minority stakes and bring in private sector partners. This proposal could have a significant impact on enterprise boards such as Greater London Enterprise and the West Midlands Enterprise Board which up to now have been fully controlled by their local councils.

New restrictions may also prevent local authorities from making equity investments in companies and could force councils to dispose of their shareholdings, according to a

report\*\* by Keith Hayton of Strathclyde University's Centre for Planning. On top of this, government plans to establish 100 private sector-led Training and Enterprise Councils, to provide training and small business support on a local level, may diminish the role of the local authorities.

The impact of these measures is uncertain but they are likely to lead to a major reduction of the role of local councils, Hayton forecasts. Individual economic development officers are less gloomy, however. Haringey's Mel Taylor says the proposed legislation is "a bit of an unknown quantity."

Phil Blackburn, chief economic development officer for Ealing, west London, believes the government will have to modify its plans. The lack of a formal legal sanction for the economic development activity has made local councils adept at improvising. Despite the obstacles many have clearly developed a taste for influencing their local economy. They are unlikely to give this up without a fight.

\*Deloitte Haskins & Sells and Business in the Community. \*\*From Planners to Entrepreneurs: The Provision of Local Economic Assistance. Journal of Public Policy and Administration Vol 8 No 3. \*\*\*Strathclyde Papers on Planning. The Future of Local Economic Development.

Searching for the elusive small line of equity

For many small businesses a bank loan is the first and the last source of finance they consider. The result is they often use short-term borrowings to finance purchases of capital equipment and they take on an unduly heavy burden of debt.

Many small business owners are reluctant to make use of equity for fear of diluting their control of the business. But, equally, many who are willing to issue equity are unable to find suitable investors.

Small amounts of equity capital are not easy to find but the outlook is improving. A review of the expanding sources of small-scale equity finance and a guide to raising equity is provided by a new publication: Risk Capital for Small Firms\*\*.

Raising equity is not something that can be done on the spur of the moment. Typically the process will take between four and six months, the guide suggests.

It takes the reader through all the stages from realising that extra capital is needed to the final raising of the money. The guide recommends that the businessperson makes a "guesstimate" of the amount required and the time when it must be available; examines alternatives to equity, such as loans and grants; then suggests discussions with a financial adviser.

Possible investors must be identified; a business plan, including a short synopsis, prepared; the synopsis and subsequently the full plan sent out. Discussions and negotiations with potential investors should then, if all goes well, lead to an agreement.

Even if the business does not succeed in raising money by this route, the experience will not have been completely wasted, the guide suggests. If the businessperson has only a vague or untested notion of why customers favour his product or service, the process of drawing up a business plan will clarify matters for him.

The guide, intended for advisers as well as for business owners, contains a wealth of practical advice as well as a full list of sources of finance and advice. Some readers may find the proliferation of type faces and numbered and lettered sub-sections in the text irritating rather than helpful. There is a very thorough index.

\*By David Parry, Published on behalf of The Small Business Research Trust by Barclays Bank, 350 pages, £10.

run by the London Enterprise Agency (LEA) starting in November. The London Export Programme covers subjects such as terms of trade, documentation and legal matters. Each participant is matched with a personal tutor.

Businesspeople could have filled their diaries over the past year with conferences on the broader implications of 1992 and the creation of the single European market. A conference which promises to answer some of the more detailed questions is planned for July 2.

Doing Business in France (other countries are to follow) will consider how to choose a location for your company in Europe as well as subject such as mergers, acquisitions and accounting standards. Contact: INREX, 7 Caledonian Road, London N1 9DX. Fee £58.75 inc. VAT.

Charles Batchelor

In brief...

More than half of British companies have done nothing to prepare for the development of the single European market, according to a recent MORI poll carried out for accountants Grant Thornton. Among small companies the picture is even worse with 67 per cent of companies having taken no action.

Twenty per cent of companies polled said they had gathered information on 1992, 9 per cent had carried out a strategic analysis or carried out a market survey. Only 10 per cent were already active on the Continent or had established contacts.

Six per cent had carried out market research while 3 per cent had undertaken merger or acquisition studies. MORI interviewed 585 executives of companies with turnover of between £1m and £100m.

A training course to provide growing businesses with the skills and confidence to break into export markets is to be

BUSINESS OPPORTUNITIES

Fabrication Company Requires-

A new partner, preferably one with an engineering product which requires our skills.

We are Doveridge Engineering, a small family concern with a wide experience in welding and many other fields. Currently, we specialise in plate fabrication and architectural metalwork in both ferrous and non-ferrous metals but would very much like to expand into a new market.

The new partner would be asked to purchase some equity in the company, which has experienced some financial difficulty over the past year.

Applications should be made in writing to:- Mr. R.D. Hiron, Unit P, Dean International Building, Thames Industrial Estate, Marlow, Bucks SL7 1TB

Major Oil Company requires distributors for the whole of the UK to sell a range of internationally recognized branded lubricants

This opportunity would be most suitable for a concern already in the oil business, or any other concern that has an established sales force calling on industrial type customers. However we would welcome all serious applications and suggestions to the address below, all of which will be treated in the strictest of confidence. Box F8916 Financial Times, 1 Southwark Bridge London SE1 9HL

WE ARE EXPORTERS OF CIGARETTES, WHISKEY, PERFUMES, COSMETICS, COMPUTERS, ELECTRONICS AND VARIOUS OTHER ITEMS INCLUDING HEAVY AND LIGHT WAR MATERIALS.

WE ARE INTERESTED TO EXPAND OUR PRESENT ACTIVITY WITH NEW BUYERS.

ONLY SPECIFIC SERIOUS PROPOSALS SPECIFYING VOLUMES WILL BE CONSIDERED. COSMOS ENTERPRISES LTD 22A FRINTON ROAD LONDON, N16 6NH

MAJOR BUSINESS OPPORTUNITY

A substantial company, part of one of the UK's largest multi-nationals, selling to the Gift, Department Store, Stationery, Hardware and Grocery Trades, is seeking companies or products for agency, or as preferred, outright purchase. The company's own brand are highly seasonal, therefore we are ideally looking for all year round brands, enjoying a turnover of no less than 1/2 million pounds or more per annum. We can offer:- National full-time Sales Force - Extensive key account contacts in the areas mentioned above - Computerised invoicing and prompt delivery of orders - Export department with many overseas contacts - Willingness to help develop your business using our highly professional team In the first instance please apply to Box F8930, Financial Times, One Southwark Bridge, London SE1 9HL. Principals only please apply. Your enquiry will receive our prompt attention.

SALES GROWTH JAPAN AND PACIFIC RIM

Major and highly successful distributor of products directed into the Post, Telecommunications and related Sector seeks to assist UK companies in exporting to Japan, Far East and Asia. Strong entrepreneurial led technical team with offices in Europe, Middle East and Far East with weekly presence and history of success in Japan seeks long term association with UK or Mainland European Company manufacturing quality innovative products of technical excellence.

The Distributor acts as principal and enjoys strong cash flow and reserves. Initial contact for confidential discussion is Michael Smith: Capital Consultants Corporate Division Management Consultants, Worcester House, Dragon Street, Petersfield, Hampshire GU31 4FD. Tel: 0730 68811 Fax: 0730 64160

Switzerland

Walo AG, a Swiss stockkeeping carpet company wants to expand its present annual turnover of about 12 million Swiss franc through an addition to its present range of products. Walo AG owns about 4000 m<sup>2</sup> warehouse and office facilities with 3 show-rooms attached. The building is situated in canton Zug, from where the company runs its own weekly delivery service to all Swiss cantons. The staff are well trained and motivated and include 6 sales representatives and 4 carpet fitters. 90% of the present turnover is wall-to-wall carpets and our wish is to cooperate with manufacturers of high quality products related to our present range of products. If your company is interested in sale/distribution of your products in Switzerland with the possibility of exporting to the neighbouring countries, we should be pleased to hear from you in writing and thank you in advance for your interest. Walo AG, Managing Director, Algenweg 14, CH - 6348 Baar, Schweiz

100% PROPERTY FINANCE AVAILABLE

We have completed arrangements with a major Merchant Bank to provide 100% Financing for quality Property proposals Corporate Finance Facilities are also available for Flotation, Acquisition or Capitalisation purposes MINIMUM: £1,000,000 Principals only should write to: CORPORATE FINANCE CONSULTANTS LTD Telephone: 01-727 6474 Telex: 8963620 Fax: 01-281 1196

INTERNATIONALLY KNOWN DESIGNER Seeks LICENSING MARKETING and MANUFACTURING proposals for a range of high quality personal fashion products and accessories

PRINCIPALS ONLY Please apply to: Elliston & Co Solicitors, 10 Hertford Street, London W1V 7DX This firm is regulated by the Law Society in the conduct of investment business.

We are a national firm of technology and invention brokers representing Universities, Design Houses, Inventors etc. If you are looking for new products to manufacture and/or sell, then telephone or write for further information. Inventions to Industry Ltd, Patten House, Gosport, Northey Road, PO20 2AJ, Gosport, Hampshire, GU14 1AA. Telephone: (0234) 621750 Telex: 61250

INTERACTIVE VIDEO SYSTEMS JOINT VENTURE MARKETING PARTNER SOUGHT

Creators and manufacturers of interactive communications system with sole rights to software and hardware is seeking a joint venture partner to market products. May also agree to options for future sale. The company is already selling their products to blue chip PLCs. Currently this interactive video system is used for training and communications applications using our 4th generation software. A range of interactive media, including laserdisc and VHS tape will be controlled by the company's hardware. Approximately £250k is required for marketing packaged turnkey solutions. Please contact 0602/327841 or write to J.E. Hamilton, Eastwood Anglo European Investment plc, The Old Kennels, Rufford, Olderton, Nottinghamshire NG22 9DF. (FIMBRA member).

INVESTMENT PORTFOLIO

Residential investment portfolio of 14 freehold houses for sale as a going concern. Currently fully let to students, achieving a rental income of £60,000 per annum. Offers over £600,000 are sought for the portfolio. Please contact Mr. J. Slim Tel: 0742 - 680476 or Fax: 0742 - 589725 for further information

CAPITAL AVAILABLE

Private Company seeks to invest in the existing management of a growth business which, due to the lack of capital, is prevented from reaching true potential. Minimum Turnover £1 million. Principals only should write, in the strictest confidence, to: Chairman, Box F8925, Financial Times, One Southwark Bridge, London SE1 9HL

DEVELOPERS

Sea-front building land with full planning permission for 150 to 250 apartments in South Tenerife. If desired, the Vendors will undertake the sale of these apartments through existing successful marketing organisation. Full construction finance available from a British bank for a suitable purchaser. There is potential to achieve 100% return on invested capital. Initial payment £350,000 balance £1,650,000 over two years. Subject to contract. Amarilla Developments plc, Suite 210 - College House, Wrights Lane, London W8 5SH (Fax No. 01-337 0396)

FRANCE

Important real-estate company from Central France is seeking business partner(s) for agricultural properties, forestry, castles, houses, etc. Please write to: LA FORESTIERE 6 Boulevard Carnot 23000 GUERET - FRANCE

BUILDING SERVICES - MAINTENANCE

Growing public company, a market leader in management support services, wishes to develop an interest in more general building services (HVAC maintenance/water treatment) either by partnership with an established business with profits in excess of £200,000 or by outright acquisition. The benefits available are access to a substantial customer base, an effective national sales force and network of UK offices, capital for further expansion as well as involvement with a young go-ahead management team. Write to Box F8920, Financial Times, One Southwark Bridge, London SE1 9HL

OUTSTANDING DISTRIBUTOR OPPORTUNITY

We are a large multinational corporation with factories and warehouses in the USA and Europe. Our vast range of top quality engineering products, has earned us a reputation of being the best in the world. We are currently operating a highly successful international distribution network worldwide but wish to expand our already substantial UK operation. We are seeking sound established companies with dynamic and forward thinking management to produce profits that other companies only dream of. If your company can match our impeccable credentials and reputation, write to Box F8932, Financial Times, One Southwark Bridge, London SE1 9HL

Italy Land of culture, with friendly people and beautiful climate, now the top area of Europe for real estate/retail investment. We have an exclusive selection of castles, castles, monasteries and banks highly suitable for conversion into luxury complexes. A portfolio of apartments, a apartment blocks and hotels, mostly already successfully operating. The areas in question are beautiful, fashionable, sunny and warm, unspoilt Calabria in southern Italy. Investments start at £205,000. Full management including rentals, available. Follow brochure available from: Ralston (P) Kingston House, 7 London Road, Old Stratford, MK19 6AE. Tel: (0908) 56707, Fax: (0908) 563289, Telex: 826294

Experienced Business Manager Available

Successful and intelligent M.D./general manager with extensive international experience and sound operational and marketing skills is available for short-term management/problem solving/consultancy assignments in any demanding role, and/or non-executive directorship start-up or growth company. Aged late 40's, fit, with entrepreneurial flair and positive outlook. Client loyalty, integrity and the ability to achieve objectives are prime motivating factors. Principals only please reply. Box F8919, Financial Times, One Southwark Bridge, London SE1 9HL

SUEVIC FUND MANAGEMENT LIMITED

If you require Venture Capital or Project Funding contact our Comprehensive Information Service. Tel: 357-61-38273 Fax: 357-61-44349 28 Nicos Antoniadis Street, Paphos, Cyprus

COMPUTER MARKETING OPPORTUNITY

Sole UK and other European countries computer import and distribution contract available. Proven product, exciting market already being supplied. Superior opportunity for company with strong financial and management structure wishing to expand or diversify into the computer industry. Full back-up service provided with existing dealer base. In the first instance write to Box F8926, Financial Times, One Southwark Bridge, London SE1 9HL

EXCITING INVESTMENT OPPORTUNITY

New plc leisure industry (Bloodstock/Racing) seeks investor £50-100K for equity in potentially very profitable operation. Active or passive participation. Replies to Box F8921, Financial Times, One Southwark Bridge, London SE1 9HL

MERGER PCB MANUFACTURER

Well established PCB manufacturer in modern West Midlands premises with BS 9000 approval and sales of over £700,000 to high grade customer base, would like to discuss future joint development with like-minded company. Replies from principals only please. Write Box F8926, Financial Times, One Southwark Bridge, London SE1 9HL

RECRUITMENT BUSINESS ENTREPRENEURS REQUIRED

In two years we have achieved a very profitable £4 million turnover and five offices. Our objective is the UK within a further three years. If you are a professional in our industry who sees equity participation as essential in your next career move, ring me in absolute confidence. Brian Jones - 061 864 3139





ARTS

Charm of the monumental

William Packer reviews the work of the French sculptor, Bourdelle

Bourdelle: Pioneer of the Future is the Yorkshire Sculpture Park's major exhibition for the summer (until October 29), a celebration of a latterly neglected but significant French sculptor in this year of the bicentenary...

Major commissions came to him throughout his life, from the Montauban Memorial to the victims of the war of 1870, which he won in 1893 at the time he joined Rodin...

of Victory, Strength, Eloquence and Liberty. Modelled with rough simplicity to carry such a scale, each remains lively and oddly personal. It was of this that Maurice Denis spoke in his funeral tribute...



'Fruit,' bronze, in the Yorkshire Sculpture Park

Du Pré Appeal Concert

FESTIVAL HALL

Among the many appeals that lay claim to the attention of music-lovers, the Jacqueline Du Pré Memorial Fund bears a name that will set it apart from the others. The appeal has been launched with the aim of helping young professional musicians cope with crippling disease...

Barenboim played second piano and the third part was taken by Georg Solti, who also doubled as conductor, at least when he could spare a hand to wave above the music stand. After the interval Barenboim and Solti re-appeared for the more mature Concerto for Two Pianos, K.365...

Richard Fairman

Bee Gees

WEMBLEY ARENA

Oh, what it is to be unfashionable - packing out Wembley Arena for two nights; receiving standing ovations; sending thousands of fans home happy - the Bee Gees must surely have it all. They are the only pop group to play in pubs for just critical rapture and Ruddies' bitter. But then the Bee Gees have never been smart. Repatriated from Australia 20 years ago by Robert Stigwood, who shaped them into the second of the Beatles...

kees, or Cliff with the Shadows, brother Maurice, of the lesser voice, hamming it up for the audience as he stands excluded while hairy big brother Barry and twin falsetto Robin harmonise on the vocals. When Maurice is allowed his solo he does a creditable version of a new song 'House of Shame' - the lads are touring to promote an album. It is all quite agreeable: totally undemanding and very familiar. Barry, who also looks like George Michael's big brother, dominates and sings well, making the tribute to Andy - 'How deep is Your love' - and somewhat inappropriately, dedicating 'Too Much Heaven' to 'the good people of China'.

Antony Thorncroft

SALEROOM

Coper candlestick record

Demand for contemporary ceramics is very strong and Christie's sale yesterday totalled £178,066, with just 9 per cent unsold. As usual Hans Coper was the most popular artist, with a price of £294,250 for a 1975 ceramic plate, which carried a top estimate of £90,000. Back at Sotheby's a Louis XV bureau, stamped BVBR, with rococo gilt bronze mounts inspired by Boulle, sold well at £97,766, and a clock by Breguet, with the attendant watch which is fitted into the clock each night, went for £391,764.

Among the paintings 'La Promenade' by Watteau, showing a young man lurking away at a street, the price of £150,000, and a 17th century floral painting by Abraham Mignon sold for £239,411 to a London dealer. This sale brought in £5.5m (£1.66m), a record for a Sotheby's picture sale. Mr Peter Palumbo, the chairman of the Arts Council, and the well known property developer, it seems almost certain that he bought them. With Coper and Lucie Rio so expensive these days, pot collectors are going for some of the forgotten names of the 1960s like Bernard Cook: a stoneware pebble shaped vase by him doubled its top estimate at £330 at Christie's. Michael Cardew was also in good demand, a large stoneware rose bowl doing very well at £1,210.

Antony Thorncroft

WNO season

The Welsh National Opera is producing eight operas next season, including a newly commissioned work, Torna, by John Metcalf, with a libretto by the playwright Michael Wilcox. It will receive its premiere on May 19, 1990 in Cardiff. The season opens on September 16 this year with a new production of Weber's Der Freischütz by André Engel. The other new production is Strauss's Der Rosenkavalier by Gábor Jávorka, opening on March 1, 1990.

Both Sotheby's and Christie's were selling important antiques in Monaco over the week end, with considerable success. At Sotheby's furniture sale a bronze group depicting Hercules overcoming Achelous, who is in the form of a bull, originally in the collection of the Sun King, Louis XVI, sold for £367,647. It was inspired by Giambologna but made by Ferdinando Tacca. Christie's just piped this price with a Louis XIV ormolu mounted tortoiseshell and ebony Boulle marquetry armchair in the collection of Prince Beloselsky-Belezofsky, which went for £360,576 to

Judgement Day

OLD RED LYON

The rediscovery of the Austrian dramatist Odo von Horváth, initiated in West Germany in the early 1970s, receives a minor boost at the Old Red Lion in Brighton as Judgement Day, translated by Martin and Renata Esslin, presented by Filthy Lucre Productions, and directed by Stephen Daltry, enters the final week of a short run. The playwright, a virulent anti-Nazi who stood his ground in the 1930s while Brecht, to whom he is comparable in so many ways, sought more hospitable climes, was killed by a falling tree on the Champs Elysées in 1938, en route to Switzerland. The comic irony of his demise is worthy of the author himself, whose work is now clearly seen as an inspirational half-way house between the folk tragedies of Wedekind and Büchner, and the post-war traumatic crisis of social and domestic crisis perpetrated by Peter Handke and Franz Xaver Kroetz.

Christopher Hampton did a wonderful National Theatre version of Tales from the Vienna Woods in 1984, and the re-write of Faith, Hope and Charity is slated for the Lyric, Hammersmith, in the Autumn. In the light of recent public transport disasters in Britain, Der jüngste Tag has an almost indecent claim on our sense of communal, political responsibility for tragic accident. The small-town station-master Thomas Hudetz is diverted from his duty, and the misery of a barren marriage, by the concern of a local boy's daughter, Anna (Martina Zeller). He forgets to change the signals, and the 9.05 Express charges past into the back of a freight train. Eighteen people are killed. The consequent reworking of a public tragedy in terms of private guilt is enthralling: Anna perjures herself at the enquiry but is overruled by Hudetz's mad wife, Eudex. He is jailed but acquitted after four months and reunited with Anna under the early abandoned viaduct - a location with reverberating similarities to Woyzeck's lake. In a lush frenzy that merits operatic status, Hudetz kills Anna in order to re-kindle his own sense of guilt. Guilt, lust, revenge, communal righteousness. Horváth's play anticipates by a clear 20 years Dürrenmatt's The Visit which, though it merits operatic status, is a play in order to understand his fate, which he nonetheless embraces with passionate reluctance. Around him, the noise is softened by Expressionist recourse to company chants, swirling of torches and some chilling effects, such as the crashing to ground of two lightbulbs to signify the disaster, followed by a wan little girl materialising in eerie light, clutching a broken doll.

Michael Coveney

Jean Barraqué

ALMEIDA FESTIVAL

When the composer Barraqué died in 1973, still out of favour with the Boulez establishment, he had completed only six substantial pieces and a tape study, mini-festival of this challenging, fiercely serious oeuvre was plainly in order, and somebody had to do it - but only the Almeida would do it. Two weeks ago Max Loppert discussed the first instalment here, on Sunday, with the remaining works, Chant après chant and (new to Britain) Le Temps restitue, his most 'symphonically' elaborated music. Both were destined for what he conceived as his life work, a large and various cycle based upon Hermann Broch's The Death of Virgil. Chant après chant has been performed here before, but not (if memory serves) so subtly and persuasively as by the soprano Alison Wells and the French Ensemble 262m under Renaud François. It involves a great battery of percussion, much of it unpitched, which means that there are fewer overtones than usual to the secrets of Barraqué's construction: 'serial' it undoubtedly is, but by arcane methods. In any case, the result of long analysis would by itself prove nothing about the areas of overtones, the touchstones must be its aural, pre-analytic power to convince. What was most potent here was the interplay between the large and various cycle based upon Hermann Broch's The Death of Virgil. Chant après chant has been performed here before, but not (if memory serves) so subtly and persuasively as by the soprano Alison Wells and the French Ensemble 262m under Renaud François.

expanding all that. However opaque the musical idiom, this abstract, impassioned dialogue had a pitiful force far beyond the splashy effects of routine avant-garde. (And it survived even an ad libitum electronic alarm, brought along by some distracted loon who was the last person in the Union Chapel to notice that it had been shuffling away for several minutes.) One couldn't doubt that the music had its own rigorous syntax, which patient acquaintance might discover: the sort of impression that Brian Ferneyhough's music often makes. Le Temps restitue proved to be a richer canvas, with its solo mezzo (Anne Bartelloni) placed amid a 12-voice chorus (BBC Singers) and a large ensemble of medium-wattage instruments: woodwind octet, string nonet, and almost everything that makes a noise on-pitch when hit or plucked with electronics by EMSA. Harmony has a far larger role here, which Barraqué develops cogently, and the text - undiluted Broch this time - is set in many vividly contrasted musical sections, as a continuous, far-reaching drama. Dense and Wagner sucked into a black hole, almost, but with enough air-shafts to let us breathe; and the actual sound is an achievement by a superlative ear. Though the piece may well remain caviar to the general, and finally perhaps a Last Days of Serialism artifact, a lot of composers should recognise it as setting an unforgiving standard for their craft. David Murray

The Red Macula

CHRISTCHURCH, SPITALFIELDS

The main emphasis of the current Spitalfields Festival, running until June 28 in surely the most elegant of all London's churches, is on small-scale early music, but two concerts by the Northern Sinfonia over the weekend brought significant London premieres. Friday's programme included John Casken's Eric, a concerto for double bass completed in 1982, and on Saturday the orchestra was joined by the Leeds Festival Chorus for Michael Berkeley's The Red Macula, which was commissioned to celebrate the 130th anniversary of the Chorus and first performed in Leeds last month. The source of Berkeley's 20-minute piece for soprano and baritone soloists, chorus and orchestra is the poetry of D.H. Lawrence, and the poem set as its centrepiece, a description of a tropical moonrise, furnishes the title. It is more than a straightforward setting of three poems, however, for Berkeley has interpolated other Lawrence quotations to flesh out what he conceives as a portrait of the author, moving in an arch from evocations of childhood through sensual maturity to a final contemplation of mortality and extinction. The scheme is a thoughtful, musically potent one, but Berkeley's treatment is not invariably so convincing. The most smoothly sustained section is the centrepiece, in which three separate poetic elements are combined, and there Berkeley's music - declamatory lines sensuously intertwining the two solo voices, the chorus moving on its own independent track with more than a hint of Tippett's Vision of St Augustine in the writing - moves into sharpest focus. The framing sections are uneven and Berkeley's setting appears to stumble over some of Lawrence's more prosy lines, though the ending - ambiguous, almost throwaway - is memorable and the passionate charge of the poetry is always felt. But Lawrence's poetry is rarely combined with music, and though the matching of images in The Red Macula is not always exact, it seems an intriguing exploration of a teasingly potent expressive world. A finer-grained acoustic than that of Christchurch might reveal Berkeley's details of orchestral writing more tellingly, but the forcefulness of this performance, conducted by Sian Edwards with Elizabeth Collier and Stephen Roberts as soloists was never to be doubted. Andrew Clements

June 16-22

ARTS GUIDE

OPERA AND BALLET

London

Royal Opera, Covent Garden. Der Rosenkavalier returns with Felicity Lott, Ann Murray, Libby Watson and Kurt Moll in leading roles, and Jeffrey Tate as conductor. Further performances of the Royal Opera's 1988-89 season premiere: the new production of Il trovatore by Piero Fagiolini, conducted by Bernard Haitink, with Claudio Domingo in the title role. See Arts Council Opera, Coliseum. The final performance of the season is The Merry Wives of Windsor, with Gwynne Howell, Alan Ogle, Alberto Beneditto and Jane Eaglen. English National Ballet (formerly the Festival Ballet) presents a triple bill centred on the revival of MacMillan's heart-breaking one act Anastasia for the great Lynn Seymour on June 19 and 21, (different casting June 20), at The Dominion, Tottenham Court Road. Royal Ballet, Covent Garden. Performances of The Sleeping Beauty on June 20. English National Ballet.

Paris Théâtre des Champs Elysees. Stuttgart ballet: The Turning of the Screw with Marcia Hayde and Richard Cragun in John Cranko's choreography (4720337). Brussels Théâtre Royal de la Monnaie. La Flûte enchantée by Mozart produced by Karl-Ernst and Ursel Hermann with Ugo Benelli, George Gheorghiu, Andrzej Turaszewski. The Monnaie orchestra is conducted by Sylvain Cambreling (Tues, Thurs). Milan Teatro Alla Scala, Riccardo Muti conducting Roberto de Simone's production of L'Idéo di Aurizide, with Lella Cubertini/Elizabeth Arden, Bernadette Manca di Nissa/Lucia Mazzarella and Elisabeth Norberg-Schulz/Valeria Episcopo (80.01.26). Teatro Lirico, Isabel Seabra and George Jancu dancing Don Chisciotte: choreography by Rudolf Nureyev and music by Ludwig Minkus (88.04.18). Florence Michela Hamppe's production of Richard Strauss's Rosenkavalier, conducted by Zubin Mehta, with Anna Tomowa-Sintow, Kurt Rydl, Alan Titus, Cheryl Parrish and Delores Ziegler (2772956). Venice Teatro La Fenice, Pier Luigi Pizzi's production of Verdi's Rigoletto, conducted by John Fischer, with Cecilia Gasdia, Marilyn Horne and Natascha Carolis (8210161). Berlin Opera: Theater des Westens. Guest performance from the National Ballet de Marseille in Roland Petit's show dans Paris Esser with Zizi Jeanmaire and Eric Vu-An. There are also two ballet premieres this week. One is danced to music by George Gheorghiu, Who Comes choreographed by George Balanchine, the second from Kurt Weill, Die sieben Todsünden, with choreography by Mario Pistoni. Cost fantaisie is produced by Götz Friedrich. Hamburg Opera. Hamburg honours the famous choreographer Jose Limon with four of his ballets. The Unusquodlibet/The Exiles/The Moor's Pazzano/There is a Time. La Bohème has a first rate cast led by Katja Ricciarelli, Gabriele Rossmann, Michael Sylvester and Alessandro Corbelli. Peer Gynt, specially composed for Hamburg by Alfred Schmitke has wonderful John Neumeier choreography. Cologne Opera. La Clemenza di Tito has Josef Protschka, outstanding in the title role. Lohengrin is well sung by Wilbert Gommers, Mechthild Gessendörfer, Eva Randova, Harald Stamm and Ekkehard Witschiba. Bonn Opera. The successful Gian Carlo del Monaco production of the Einführung aus dem Serral returns with Sylvia Greenberg, Isolde Siebert, Rana Peter Blochwitz, Wilfried Gahmlich and Janke Ryhaenen. Ariadne auf Naxos stars William Murray, Gabriele Benackova, Synda Sieden, Peter Lindroos and Susanne Metzner. Frankfurt Opera. Last performance of the

FT hand delivered in Belgium At the start of every working day at no extra charge in Belgium, if you live or work in the following postal districts: BRUSSELS - 1000, 1010, 1020, 1030, 1040, 1041, 1048, 1049, 1050, 1060, 1070, 1080, 1090, 1100, 1110, 1120, 1130, 1140, 1150, 1160, 1170, 1180, 1190, 1200, 1210, 1410, 1420, 1620, 1640, 1800, 1900, 1920, 1930, 1931, 1940, 1950, 1960, 1970, 1980, 1981, 1990. ANTWERP - 2000, 2008, 2018, 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2100, 2110, 2120, 2130, 2180, 2200, 2230, 2252, 2600, 2610, 2710. GENT - 9000, 9110, 9620, 9631. LIEGE - 4000, 4020, 4200, 4400. LEUVEN - 3090, 3030, 3072. KORTRIJK - 8500, 8550. BRUGGE - 8000. Brussels (02) 513 2816 FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL  
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Tuesday June 20 1989

## More than a setback

THE BRITISH Conservatives have suffered their first serious electoral setback since Mrs Margaret Thatcher became leader of the party in 1975. And although there may be extenuating circumstances, so has Mrs Thatcher herself.

Two facts stand out. The Labour Party polled more votes and won more seats in the elections to the European Parliament than the Tories, and the Greens came from almost nowhere to win around 15 per cent of the vote, largely, it seems, at the expense of the Alliance parties. It may not be a fundamental, lasting shift, but at least there has been a change in the political weather.

There have been many reasons for disenchantment with the Tory Party this year, ranging from the unpopularity of the Water Bill to the long trend of inflation. A more general point, however, is that the Government has begun to look less than competent. It quarrels with itself, and the Prime Minister has several times looked overbearing as if he is right and almost everybody else must be wrong.

Some of this has to do with Europe. The Prime Minister is openly at odds with the most senior members of her cabinet about full British membership of the European Monetary System. There may be respectable economic arguments on all sides, but the public quarrel hardly enhances the Government's authority. It is not surprising that, given the choice, the electorate of the European poll to declare a (limited) vote of no confidence.

### Arm's length

The Prime Minister's more general approach to the European Community hardly inspires confidence either. Most of the old quarrels between Britain and Europe are long since over, yet Mrs Thatcher remains at arm's length. She fought a campaign against Brussels, and failed to take the electorate, including an articulate section of her own party, with her.

An analogy with General de Gaulle comes to mind. He, too, fought for nationalism long

after it was prudent or necessary to do so. Mrs Thatcher is not in that position yet, but she has been in power almost as long, and the same can be said for her successor, De Gaulle did not leave a united party behind him, though France thereafter became a more European country.

Yet if the Conservatives suffered a setback, for the old Alliance parties it was a rout. Mr Paddy Ashdown may plead that the Democrats are still finding their feet after the merger following the general election of 1987. That is not how the electorate appears to see it. The Democrats now play at least as well as the old Liberals in a bad year, and Dr David Owen's Social Democrats even worse.

### Protest vote

The principal beneficiaries in the European elections were the Greens, whose percentage share of the vote was even better in Britain than on the Continent. Clearly the protest vote had something to do with it, looked overbearing as if he is right and almost everybody else must be wrong.

It was a good result for the Labour Party, but it would be repeated if there were a general election tomorrow is highly doubtful. But there is almost certainly not going to be a general election for at least two years, so the party can continue to reap the benefits of its reputation. It is looking less wild, more in the centre ground and more electable than it used to. It should now gain in self-confidence. That should be the main lesson for Mrs Thatcher and the Tories from the European elections: there is something to be an alternative government.

## The wrong loans for students

FACED WITH a choice of products, the rational consumer selects the item offering the best value for money. Mr Kenneth Baker, the UK Education Secretary, yesterday proved his irrationality. In his statement to the House of Commons he confirmed his determination to press ahead with mortgage-type loans for students, administered by financial institutions. Such a regime may prove better than nothing. But it is inferior to the alternative backed by many academics: loans automatically repaid by payments to graduate national insurance contributions.

Mr Baker's scheme was launched - without prior consultation - in a white paper last November. A startled financial community was informed by the Education Department that it would be administering a loan scheme on behalf of central government. The terms of the loans and eligibility conditions would be decided by Mr Baker, the banks and building societies would have the privilege of chasing repayments and coping with defaults.

### Secret negotiations

Not surprisingly, financial institutions have been reluctant to act as glorified debt collectors for Whitehall. After seven months of secret negotiations, Mr Baker was yesterday still unable to announce a concrete agreement with the banks. All he could say was that some institutions had agreed his scheme was theoretically feasible. Crucial details - such as the fee the private sector loan collectors will command - remain undecided.

is that the freezing of the grant and its progressive replacement by mortgage-like loans will deter university applications from poor children. The benefits of higher education, unlike those of bricks and mortar, do not seem readily appreciated by families from the lower socio-economic groups. Yet these are the students which must be attracted if pledges about widening access are to be fulfilled.

### Code changes

Mr Baker's hostility to loans repaid by higher national insurance contributions (NICs) seems perverse. Administration costs would be far lower than with mortgage loans. An individual's code would have to be changed twice: when the loan is taken out and when it is fully repaid. The default risk would be greatly reduced because repayments would be deducted at source for the large majority of graduates. Disincentive effects would be minimal. Dr Nicholas Barr of the London School of Economics calculates that an extra 1p to 1.5p on NICs would repay half the present grant over 25 years.

The Government's planned scheme is also surprisingly poorly targeted. The small subsidised loans will provide limited relief for poor students, who will simultaneously lose their right to income support and housing benefit. A better solution might have been to offer students from poor families a full grant, and to phase in loans as a replacement for the parental contribution. If the NIC repayment route were adopted, it would even be possible to charge a low real rate of interest on such loans. Financial institutions might then be persuaded to inject real resources into higher education instead of acting as passive debt collectors.

## David Buchan assesses the significance of the European election results

The best way to make sense out of the scatter-pattern result of the elections to the European Parliament is to see it as a protest vote, in the widest sense.

First, it was a protest against government or dominant parties in ruling coalitions in seven of the 12 countries. This was most spectacularly so in the UK, where Labour has replaced the Tories as the largest single national grouping at Strasbourg. But parties currently ruling at national level also took a pounding in West Germany, France, Italy, Ireland, Greece, Denmark and Portugal. Only in the Netherlands and Belgium did the predominant parties in governing coalitions win more seats than they did at the last such election five years ago: ruling parties in Spain and Luxembourg held their own.

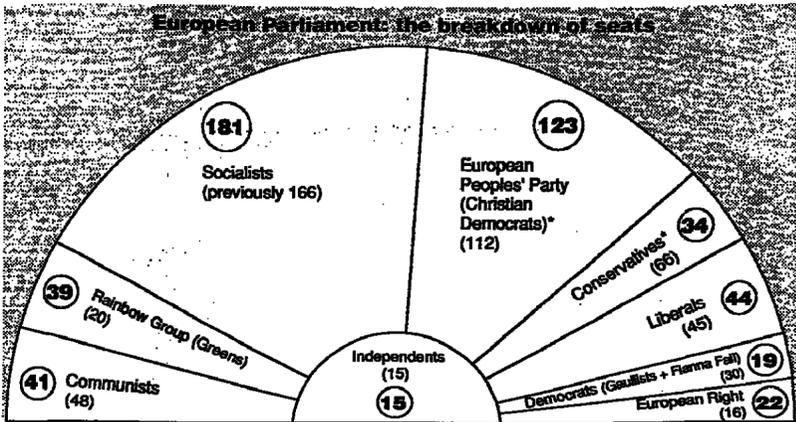
Clearly, most voters in most countries think national when they vote European - if, indeed, they bother to vote at all. Turnout this time dropped to around 56 per cent, from 69.4 per cent in 1984 and 63.4 per cent in 1979, the only two previous direct elections to the parliament. Whether this downward trend is the result of apathy or of ignorance about what the parliament does, or both, it is depressing for those at Strasbourg, who have been trumpeting the new legislative powers given them under the Single European Act.

Second, it was, in many countries, a protest vote against established parties. The Greens made big gains in France (plus nine seats) and Italy (three), and the new legislative powers given them under the Single European Act.

The most striking gain in the Green vote came in the UK, where the party came from almost nowhere to take 15 per cent of the ballot, the highest anywhere in the Community. But, because of the first-past-the-post system, this did not translate into any seats. The performance of the Greens in the UK also defied the pattern elsewhere, since most of the party's votes came at the expense of another minority party - the Democrats - rather than the two big ones.

Extreme right-wing parties ate into support for centre-right parties, most strikingly in West Germany, where the Republicans, contesting their first Euro-election won an estimated 7.6 per cent of the vote, enough to seat 10 members in the parliament. In the extreme right more or less held its own. The Vlaams Blok, a Flemish nationalist party, won a seat in Belgium, offsetting the loss of an Italian MSI seat. The list fought in the name of Mr Jose Maria Ruiz-Mateos, the financier who is a fugitive from Spanish justice, appears to have won two seats. It is unclear where, or indeed whether, to count these gains.

The success of the protest vote against larger, more traditional parties has resulted in an increase in the number of political parties represented in Strasbourg from 79 in the old parliament to 94 in the new. Most of the new parties will find their way



Country	Seats
UK	81
W. Germany	81
France	81
Italy	81
Spain	60
Netherlands	25
Belgium	24
Portugal	24
Greece	24
Denmark	16
Ireland	15
Luxembourg	6

## Making the most of a protest vote

into the parliament's eight political groupings, though the coherence, for instance, of the Greens and its probable allies in the Rainbow group will probably be severely strained. But the results must also be read for what they portend for the overall left/right balance in the parliament. The Socialist gains are not quite as large as they were projected on election night. Indeed the probability that the Socialist group has increased from 168 in the old parliament to 181 in the new is almost entirely due to Labour gains in the UK. This reflects popular disenchantment with Mrs Thatcher's policies, but also shows how the British electoral system creates much greater swings in seats between the country's two main parties than the proportional representation does in the other 11 countries.

None the less, the gains of the Socialists and of the Greens have

more than offset Communist losses (chiefly in Italy and France), to give the broad left a narrow majority (just over 260) in the 518-seat parliament for the first time. What seems to have been happening in recent years is that Socialist parties, particularly where they have gained power in, for example, France and Spain, have moved more towards the centre ground. This has opened up electoral territory to their left, which the Greens are now fruitfully tilling.

It is not a prospect that Socialist parties can contemplate with any equanimity. But for the purposes of this election, the fact that the Greens gained so much (up from 23 to 39 seats) without overall damage to the Socialists means an expansion of the left. There is, in any case, a certain appropriateness in a heavy Green presence in Strasbourg, given that the environment is one of those areas

where policy is increasingly being set at Community level. The moderate right will have to cohere more closely than it has done, if it is to make its reduced numbers tell. An internal realignment on the right has, in any case, been on the cards since Spain's Partido Popular announced its intention last month to join the Christian Democrat group in Strasbourg and to desert the hitherto UK Tory-dominated European Democratic Group (EDG).

As a result, the EDG, now numbering only about 34 (Tories plus two Danish conservatives) will drop from third to sixth place among the Strasbourg groups. The only group with less troops than the EDG is the European Democratic Alliance (EDA) with a dozen Gaulists and half a dozen Irish Flamma Fall MEPs. Given that money, staff and committee assignments depend crucially

## In West Germany, success for the party of the little man

For 40 years the far right in West Germany has enjoyed only the power to cause alarm. Political impotence was ensured by association, however distant, with Hitler, and by the ability of the late Mr Franz Josef Strauss to integrate the nationalist right into the Christian Democrat/Christian Social Union alliance.

The Republican Party appears to have broken that mould. Its 7.1 per cent poll in the European election, following similar success in the West Berlin state election earlier this year,

is the greatest success for the radical right in a national poll since the war and - if repeated in a national election - could win the party a key role in Bonn coalition building.

To Mr Franz Schönhuber, the Republican leader, the success is just another indication that Germany is becoming "normal" - with a proper left, a proper centre, and now a proper nationalist right too.

The 66-year-old Bavarian who lost his job as a TV commentator for writing an unapologetic account of his time in the Waffen SS is a polished

performer who manages to attract both extreme xenophobes and moderate nationalists. How far to the right the Republicans are is hard to tell. Mr Schönhuber has spent much of the past six months trying to distance himself from the neo-fascist fringe. He describes the NPD, which rose briefly to prominence in the late 1960s, as "a bunch of reactionaries who have not got over losing the war."

He also states firmly that he is not a racist or an anti-Semite and that there is nothing to be said for Hitler.

None the less, the populist rhetoric overlaps with the extreme right at many points: hostility to asylum seekers and foreign workers, opposition to the European Community, to American "occupation," and international capital, support for ecological issues, renunciation, old-fashioned values and the "little man."

Above all Mr Schönhuber detests the enforced liberalism of the post-war German state and hypocrisy about the past which he believes has corrupted public life. At his rallies he likes to run

through a long list of Jewish artists, saying how much he likes them, but rounds off by saying that he refuses to be forced to like Mr Heinz Galluski, the unforgiving head of West Germany's small Jewish community. Republican voters come from all social groups but seem to be concentrated in lower income groups and among the very old and very young. They are also concentrated in the southern states of Baden-Württemberg and Bavaria.

David Goodhart

### Right time to sell

The withdrawal of Sir Y K Pao from Standard Chartered might be just as much to do with the urgent consolidation of executive time as it has with money.

Ever since his decision last year not to participate in the bank's rights issue, observers have been generally agreed that the disposal of his "personal" 10 per cent stake was only a question of when. The recent strengthening of the bank's share price may have helped recoup the losses he had made on one of his career's less inspired investments, but you probably have to turn to the uncertain plight of his family's interests in Hong Kong, and in Y K's native China, to find the key to the decision to sell now.

Over the past two years Y K's "number one" son, Peter Woo, has been the family's monthly commuter to Standard Chartered's board meetings, and there is a strong case for arguing that the family needs all of his executive attention at home. Corporate Hong Kong has been shaken to the core by recent events in China, and the Pao family, which is one of the territory's leading landlords, must currently be committing all hands to damage control, and contingency planning.

Perhaps the biggest headaches fall not to Peter Woo, but to "number one" son, Helmut Sothen, who minds Y K's "movable" assets - his shipping fleet, and the fledgling Dragon Airlines, which boasts a flight network linking Hong Kong with a clutch of mainland Chinese cities.

Even as business links with China have been growing over the past two years, Dragonair has found it difficult to pick up all the passengers it would like. The decline in business contacts that has resulted from recent events in Peking could make the task even harder.

## OBSERVER

### Useful dates

Birthdays this year: Kenneth Baker, 55; Kenneth Clarke, 49; Sir Geoffrey Howe, 51; Douglas Hurd, 59; Michael Heseltine, 56; Tom King, 55; Nigel Lawson, 57; John Major, 46; Nicholas Ridley, 60; Margaret Thatcher, 64.

### Path to Brady

It's a sign of the times in Latin America that economic studies are best-sellers. Hernando de Soto, the Peruvian economist, has seen his book about the informal economy in Peru, El Otro Sendero (The Other Path), translated and sold across the continent.

The title is a play on words, referring to Peru's Maoist guerrilla organisation, Sendero Luminoso (Shining Path), and the alternative path the country could pursue if it were to harness the dynamism inherent in the informal sector of the economy. On de Soto's calculations, it contributes nearly 40 per cent to the gross domestic product.

The book has just been translated into English and has a forthright introduction from Mario Vargas Llosa, the Peruvian novelist turned presidential candidate who helped persuade de Soto to write it. As a former economist for the GATT and managing director of Peru's Central Reserve Bank, de Soto argues that a lot of the problems of underdevelopment are the developing countries' own fault. People turn to the informal sector because they feel excluded from the formal economy by too many laws and state controls.

A pre-condition for progress is a rebuilding of Peru's - and Latin America's - institutions, especially the judiciary, he writes. "It has been a great mistake in the Brady Plan for



Tory Central Office are looking for a scapegoat.

Latin America to emphasise economic restructuring and ignore this aspect."

Oddly enough, people listen. De Soto has just had an invitation from Nicholas Brady, the US Treasury Secretary, to discuss his ideas. They meet next week.

### Spanish chic

Obviously Spain's month. First Aranzazu Sanchez wins the French Open at the age of 17. Then the country upstages Britain by becoming a full member of the European Monetary System. The European Council meets in Madrid at the end of the week and there is a wonderfully funny Spanish movie showing in London. Do not be put off by the title. "Women on the verge of a nervous breakdown" sounds enough to keep anyone away. It is very witty, and not at all sexist. Only one quibble on the

whole Spanish front. It was not easy yesterday to find the peseta's central rates against the Ecu. One of the two officials responsible at the EC Commission in Brussels was said to be in Luxembourg, while the other had gone home. No-one got round to amending the Commission's normally authoritative page on the Reuters screen. The Bank of England said a "search for the building" had turned up nothing, while other central banks could find exchange rates for the peseta only against their own units. It was discovered at 6.15 pm that the rate was 133.24, a bit late to move the market.

### Fully vacant

"Rare." Allop the auctioneers, said it. Could not remember two sales offerings like it: good location; potential for conversion. Each classified in the catalogue as "threshold public convenience." The sale of public assets has spread to local. The owner is the Westminster City Council, of cemetery site fame. One is in Foley Street, not far from Oxford Circus and the other in St John's Wood Road, just down the way from Lord's cricket ground. Both have four WC cubicles; fully vacant, the catalogue assures buyers. These are not any old lots. They have the traditional decorated wrought iron gates and fencing and a white tiled stairway downwards. Foley Street has the most imaginative possibilities because it has planning permission for an artist's studio. Guide price is £20,000. St John's Wood is more mundane - it seems destined for storage space - and carries a guide price of £25,000.

### Excuses

One of the more bizarre reasons given for not voting in last Thursday's European elections came from an acquaintance who is an accountant. He said he had been attending a lecture on 1992.

### AMSTRAD PRO-CELEBRITY TENNIS TOURNAMENT

FEATURING

**Vijay Amritraj · Richard Branson  
Steve Davis · Alan Sugar  
John Lloyd · Dennis Waterman  
Terry Wogan · Paul Macnabee  
Bruce Forsyth · Bobby Moore  
Frank Bruno · Jimmy Tarbuck**

ROYAL ALBERT HALL  
FRIDAY JUNE 23RD 1989 6.45 PM  
IN AID OF  
THE MUSCULAR DYSTROPHY GROUP

Tel: 01-589 8212 FOR TICKETS

**M&D**

# LETTERS

## Brain drain means not just numbers, but quality

From Professor Richard Layard and Mr Jonathan Wadsworth.  
Sir, Your editorial on academic salaries (June 13) was excellent - except in one respect. You underestimate the problem. You compare the quality of the brain-drain economists with the quality of economists at the London School of Economics without comparing the quality of LSE with the rest of Britain.

The following figures show how truly awful is the gap between those who have left and those who remain.  
If we take the standard journals (1988 issues) and count the number of writings by different authors which are cited, we find the following:  
**Brain drain** (top eight economists who left the UK) 1,177;  
**LSE** (55 staff) 1,051;  
**Oxford** (72 staff) 785;  
**Cambridge** (64 staff) 584.

Thus, when compared with institutions other than LSE, the quality of the brain drain is even more disturbing.  
The position would be less serious if Britain still held its former world pre-eminence in economics. This is unfortunately far from the case. For example, here are two recent world-wide rankings of economic departments, on the basis of their publications in the leading economics journals (as summarised in American Economic Review 1984 and Econometric Theory 1987):  
**World-wide rankings, all economics:**  
**LSE** four;  
**Oxford** 26;  
**Cambridge** 37;  
**World-wide rankings, empirical economics:**  
**LSE** two;  
**Oxford** 40;  
**Cambridge** 19.

This partly reflects the brain drain that has already occurred, and is well reflected in the following horrific statistics:  
If we take British-educated Fellows of the Econometric Society - roughly the equivalent of Fellows of the Royal Society - nearly half of them now work in North America.  
It would be interesting to have comparable statistics to these for other subjects. But we should be surprised if economics alone were in difficulty.  
We urge Mr Robert Jackson, the Higher Education Minister, to arrange for a comprehensive evaluation of these issues.  
Richard Layard, Jonathan Wadsworth, Centre for Labour Economics, The London School of Economics and Political Science, Houghton Street, WC2

## The right to strike

From Mr Neil Moore.  
Sir, In discussing the TGWU's travails in the courts over the docks dispute, Justice (June 12) refers to "the valuable right of the individual in a democratic society to withdraw his or her labour."  
But those who invoke the right to strike invariably have in mind more than this: the right also to resume work at a time of the individual's own choosing. This ignores the fact that there are other interested parties who also have rights, not least the employer's customers and suppliers.  
The planned rail and tube strike illustrates this point. Those most severely affected will not be the British Rail and London Transport management, but their customers - notably those thousands of

conscientious folk whose commitment to their employer and his business, be it City firm, shop, school or hospital - is rather greater than the National Union of Railwaymen's to BR and L.T. They will struggle to work in conditions of stress and discomfort, mischievously made worse for London commuters on this occasion by the deliberate coincidence of two strikes which will not increase the pressure on either employer but multiply the misery for the travelling public.  
Is not the right to work - and to travel to work without harassment - as important as the right to strike?  
Neil Moore, Benly, Bridge Green, East Sussex

## Funds for higher education

From Mr C.M. Mason.  
Sir, Mr Robert Jackson, the Minister for Higher Education, offers a very simplistic explanation for the academic brain drain. He seeks to absolve the Government of any responsibility for this trend ("Dealing with the brain drain", Letters, June 13).  
All the accounts that I have seen clearly indicate that the low university salary (and, by implication, the rigid national university pay structure) is only one of a number of reasons for the emigration of United Kingdom academics to North America, and is rarely cited as the most important or only factor.  
Deteriorating working conditions (as reflected, for example, in university library budgets which fail to match increases

in the costs of books and periodicals) and declining research support (for example, research staff, laboratory facilities and equipment), all directly related to the Government's unwillingness to fund the real costs of running UK universities, are also important reasons for the academic brain drain.  
The low morale among British academics, which has been induced by the Government's treatment of universities during the past 10 years, is a further important factor.  
Contrary to Mr Jackson's view, much of the blame for the academic brain drain must be placed with the Government.  
C.M. Mason, 12 Tunhouse Close, Hedge End, Southampton, Hampshire

## Trade associations could amalgamate

From Mr W.T. Williams.  
Sir, Noting Hazel Duffy's comments on chambers of commerce (May 31), may I suggest that Mr Cecil Parkinson, the UK Trade and Industry Secretary, and the Associated Chambers of Commerce and Industry, should look at the wrong end of the telescope?  
In the UK, in the main, manufacturing business is conducted through trade associations, not chambers of commerce or similar organisations. To suggest that chambers of commerce could or should fill the role they do on the Continent is nonsensical.  
The work they do is excellent, but with few exceptions chambers of commerce are quite incapable of tackling

other than local problems. Indeed, their membership consists largely of service traders. The London, Sheffield, Birmingham and perhaps a dozen more chambers do get successfully involved in exports and imports, but I doubt whether any members are in any way concerned with the engineering, research, or technical aspects of manufacture, nor should they be.  
Proposals of chambers do them little good by pushing them into areas where they are ill-equipped to cope. Indeed, if it were not for the monopoly held by the chambers for certificates of origin and so on, I suspect a large number would be non-starters commercially.  
The CIA works amicably

with them all. But it is from the trade associations that the essential regeneration of industry will come. I accept that there are far too many of these: some amalgamation is long overdue. A plethora of organisations makes coordination time-consuming and costly, but consultation should not be omitted.  
Let us not confuse the shadow with the substance. Mr Parkinson should start talking in depth with trade associations before launching any more moist if not downright damp squibs. We really do know our business.  
W.T. Williams, Engineering Industries Association (EIA), 16 Dartmouth Street, SW1

## A question of principle

From Mr E.V. Payne.  
Sir, Lord Havers' suggested solution to the Outhwaite problem reminds me of the story of George Bernard Shaw, who said a socialist if she would sell her portrait for the price of "yes" - but when he asked her if she would do the same for sixpence, the answer was: "What do you think I am?"  
Shaw replied: "We have established that, madam. We are now arguing about the price."  
I am surprised that Lord Havers seems to put Lloyd's in the same position as the unprincipled lady at the party.  
E.V. Payne, 191 Forest Road, Thorbridge Wells, Kent

## 'Please, Mr Bottomley, be brave'

From Mr Michael Valentine.  
Sir, Mr Peter Bottomley, the Minister for Roads and Traffic, presents to the nation a number of options provided by the consultants to whom the Department of Transport have subcontracted their work are alternatives (Letters, June 12). This contains the dangerous implication that one or more of the published options has to be realised.  
The objections to the proposals, already voiced by enormous numbers of people in London, should have led a responsive minister to confirm that he did not have to pursue any of the options proposed by the consultants. Following on from this, the organ blast of public opinion opposed to options which would involve the construction of important new roads should have led him to decide against any of them.  
This would include the "Western Environmental Improvement Route" - weasel synonym for a motorway through Earl's Court, where the sinister processes have reached a more advanced stage. Public inquiries have been held, not (as you might expect) in order to air views on whether the local people want this road, but on which of various roads would be least offensive - in other words, no option at all so far as building a new road is concerned.  
Mr Bottomley should also consider the catastrophic damage caused by his agents (the consultants) both to the values and the transferability of property in an area where their "optional" roads are postulated. It sits ill with the policies of the present Government that it should have inflicted this kind of deprivation on so many people in London.  
So come on, please, Mr Bot-



tomley, be brave. Say that overwhelming public opinion shows that Londoners do not want roads through London to help commuters and through-traffickers. Say that you will concentrate on improving the public transport system, which clearly needs more money and much better management. Say that otherwise you will spend money on improving existing roads (if with a suitable flourish) if you cancel the consultants' work on the grandiose road options, you could move from local ogre to local hero in one easy jump.  
Michael Valentine, 33 Keswick Road, SW15

destruction of hundreds of London homes and enormous environmental damage.  
No one disputes that London's transport policy is in a mess. Building more roads may make sense to building contractors, but new inner ring roads and other "improvements" designed to relieve the congested M25 by bringing more private cars into London are sheer madness.  
Although it is reassuring that the Government is being required, through membership of the EC, to improve the quality of the water we drink and the air we breathe, we still have responsibilities to safeguard our own environment. Apart from the appalling way in which the Government is addressing the capital's transport problems, one can also point to what Colin Amery, your architecture correspondent (June 12), calls the "incredible" decision by the Environment Secretary to allow the demolition of almost the last acre of significant 19th century architecture in the City of London.  
K.J. Fane-Saunders, 24 Dryburgh Road, SW15

From Mr A.C. Davey.  
Sir, It is to be regretted that the difficult problems of London's transport needs are being tackled by a minister ideologically averse to an integrated transport policy for the capital.  
The various assessment and rail studies have been commissioned with terms of reference which preclude an overall view of needs and solutions. This is one reason, among others, why the assessment study options are indeed - despite Mr Peter Bottomley's denial (Letters, June 12) - dominated by road proposals (Letters, June 14).  
Mr Bottomley is also incorrect in claiming that London boroughs are in agreement with the objectives of the assessment studies. The borough of Haringey refused to take part in the East London study because it considered that the Department of Transport's consultants would put forward road solutions, and pay lip service only to alternative and complementary means of transport. The East London options so far published confirm Haringey's view.  
It is particularly unfortunate that Mr Bottomley and his officials accuse local community groups across London of "hysteria" and of causing blight on their own homes by drawing attention to the consultants' reports. Indeed, Haringey was accused by Mr Bottomley of "scare-mongering" when recently it clarified, to concerned residents, a summary of the East London options. Transport and environmental issues demand more thought and more honesty than that.  
A.C. Davey, Friends of the Parkland Walk, Station House, Stapleton Hall Road, N4

From Mr K.J. Fane-Saunders.  
Sir, Mr Peter Bottomley, the Minister for Roads and Traffic, says (Letters, June 12) that new road options should be conceived with great care and sensitivity for the environment and social fabric of the areas concerned, and no plans will be put forward that do more harm than good.  
It is impossible to reconcile his sentiments with option alternatives published by the Department of Transport. These involve the wholesale

conflict of interest at Lloyd's has not been excised by "investment." Bad insurance is often better than no insurance, where the managing agent, with limited liability, is guaranteed all his expenses as well as his fees, irrespective of profitability, from his members with unlimited liability.  
For the purpose of growth, volume of business becomes paramount. It is surely wrong for managing agents to be declaring an increase of 125 per cent in profit while making calls of 125 per cent from their members. Surely these should meet the losses of their syndicates before reaping the profits from bad insurance?  
Anthony O.R. Mitchell, 15 Bryanston Square, W1

From Mr Philip Chappell.  
Sir, Dinosaur's tears cut no ice (If I add another mixed metaphor to the gaggle which salary "caps" have generated).  
Once the National Association of Pension Funds has accepted an earnings-related 250,000 salary cap for tax-allowable pension contributions, it has accepted the principle that the tax subsidies presently given to pension funds have an inequitable effect. Following Mr Dawesey's argument (Letters, June 11), what logic lies in the figure of 250,000?  
Occupational pension funds, as they have developed in the UK, are a "scandal" on three simple counts:  
• They concentrate ownership, when we should be giving

every encouragement to wider ownership;  
• They penalise job mobility when all the emphasis should be on flexibility in job patterns;  
• They enjoy tax subsidies: higher taxes on the very poor (who are excluded from pension schemes) and on average workers (who are penalised) are used to enhance the cross-subsidised pensions of the minority.  
At least we can agree on the need to press the Chancellor for a green paper on savings which must either justify the present shambles or propose a more tax-neutral environment.  
Philip Chappell, 22 Frogmal Lane, NWS

## Dilemma for Lloyd's

From Mr Anthony Mitchell.  
Sir, Mr Edward de Bono's remark for "Lloyd's decline" (June 17) lists five causes, most of which apply to the insurance industry as a whole.  
He invents a sixth cause in urging that "the Outhwaite affair must be settled equitably," as if the long-suffering members of Lloyd's must now meet others' losses on some equitable ground beyond the legal liability of "each for his own part." Many other syndicates have made calls of over 100 per cent of members' times. Are they to have the benefit of this equitable principle?  
No doubt the continuing losses of some syndicates have often been caused by bad insurance underwriting. The

conflict of interest at Lloyd's has not been excised by "investment." Bad insurance is often better than no insurance, where the managing agent, with limited liability, is guaranteed all his expenses as well as his fees, irrespective of profitability, from his members with unlimited liability.  
For the purpose of growth, volume of business becomes paramount. It is surely wrong for managing agents to be declaring an increase of 125 per cent in profit while making calls of 125 per cent from their members. Surely these should meet the losses of their syndicates before reaping the profits from bad insurance?  
Anthony O.R. Mitchell, 15 Bryanston Square, W1

## Capped by logic

From Mr Philip Chappell.  
Sir, Dinosaur's tears cut no ice (If I add another mixed metaphor to the gaggle which salary "caps" have generated).  
Once the National Association of Pension Funds has accepted an earnings-related 250,000 salary cap for tax-allowable pension contributions, it has accepted the principle that the tax subsidies presently given to pension funds have an inequitable effect. Following Mr Dawesey's argument (Letters, June 11), what logic lies in the figure of 250,000?  
Occupational pension funds, as they have developed in the UK, are a "scandal" on three simple counts:  
• They concentrate ownership, when we should be giving

every encouragement to wider ownership;  
• They penalise job mobility when all the emphasis should be on flexibility in job patterns;  
• They enjoy tax subsidies: higher taxes on the very poor (who are excluded from pension schemes) and on average workers (who are penalised) are used to enhance the cross-subsidised pensions of the minority.  
At least we can agree on the need to press the Chancellor for a green paper on savings which must either justify the present shambles or propose a more tax-neutral environment.  
Philip Chappell, 22 Frogmal Lane, NWS

## FOREIGN AFFAIRS

# Salvage from the wreckage

### Robert Mauthner asks what the western response should be to the recent crack-down in China

poliburo.  
One of the most significant differences between the Soviet and Chinese reform concepts is that the Moscow version contains an explicit political element while the Peking formula lacks. Mr Gorbachev has always made it clear that the restructuring which everyone agrees, is required to make the Soviet economy more market-oriented and internationally competitive, cannot be achieved unless it goes hand-in-hand with greater political and personal freedom.  
The Soviet leader has been as good as his word. The elections to the Congress of People's Deputies last March were the first important step on the road to more democratic government in the Soviet Union.

as it does in Moscow or in western capitals. While it is true that Zhao Ziyang, the Party leader who has reportedly been deposed, argued in favour of making the Party more accountable to the people and of separating it from the government, nothing of the sort has happened. Openness has always been interpreted by Deng Xiaoping and his hard-line politburo supporters as essentially an opening of the country to foreign technology, capital and trade. In the highest official quarters, it has never taken on the broader sense of an opening of the whole political system.  
The liberalisation which has occurred has been mainly the practical result of the early success of Deng's economic

## Some argue that if things can go so wrong in China, the same could happen in the Soviet Union

At the same time, freedom of speech and freedom of the press, though by no means complete, have at least reached the stage where the country's political leadership and bureaucracy can be openly criticised. Mr Gorbachev's policies are still contested by certain sections of the Party and the bureaucracy, and the success of his economic reforms remains in doubt, but he has assured himself of wide public support - thanks mainly to the creation of a more open and, by previous Russian standards, more democratic society.  
The same can hardly be said of Deng Xiaoping. Western observers have often been mistaken in believing that glasnost means the same in Peking

reforms. Rapid economic growth, decentralisation, the development of private enterprise and the opening of the country to foreign businessmen, technicians, teachers and students, created a more relaxed social climate but only the illusion of greater democracy. Yet even the loosening of the reins provoked fears among the hardliners that the party was no longer in full control and losing its "leading role."  
The greater flexibility and freedom that the economic reforms have brought are now likely to be held responsible for provoking demands for the political and social reforms which the students called for during their brief spell of freedom in Tiananmen Square.

That view is compounded by the hardliners' conviction that the recent deterioration of the economy and, particularly the persistent rise of inflation, is largely the fault of the devolution of economic decision-making. To judge by the remarks of Li Peng, the hardline Prime Minister, which were made even before the tragic events at the beginning of this month, more centralised control by the Party over the economy is likely to follow on the heels of the political clamp-down that is already under way.

Contrary to his liberal image, the West, Deng has never hesitated to clamp down on political dissent and was responsible for the ruthless suppression of the Democracy Wall movement 10 years ago, to name but one outstanding example. He is likely to be much more reluctant to see a similar return to communist orthodoxy in the economic field, a move which would negate his own handiwork. But that presupposes that he is still in complete control, an assumption which may be doubted because of his age and ill-health and the events of the past few weeks.

What, in the circumstances, can the West do to show its disapproval of the Chinese Government apart from the sanctions are not likely to win general support. The most effective sanctions will be those applied by private companies and businessmen, who will hesitate to resume their activities in an atmosphere of political terror and centralised economic control.

For the moment, the wisest course of action for the West is to wait for the outcome of the leadership battle and to see what its policy implications are. Though they would assuage public and parliamentary opinion, hasty punitive measures while the political situation in Peking is still uncertain are likely to be counter-productive.

China has a long history of isolating itself from the outside world and could do so again, at least for a period, particularly if its historical sensitivity about western interference in its internal affairs was aroused. To preserve even the smallest chance that some of the limited freedoms won by the Chinese people over the past decade might be saved from the wreckage of Tiananmen Square, the West must ensure that an opening remains in the bamboo curtain.



EVERYDAY IT IS.  
COMMONPLACE IT ISN'T.

HEATHROW TO OPORTO MON 18.00
HEATHROW TO OPORTO TUE 18.00
HEATHROW TO OPORTO WED 18.00
HEATHROW TO OPORTO THUR 18.00
HEATHROW TO OPORTO FRI 18.00
HEATHROW TO OPORTO SAT 18.00
HEATHROW TO OPORTO SUN 18.00

ONLY TAP AIR PORTUGAL FLY SCHEDULED FROM HEATHROW TO OPORTO EVERY DAY OF THE WEEK.  
ONLY TAP AIR PORTUGAL HAS NAVIGATOR CLASS. AND WITH THE CHANCE OF A FULL DAY'S WORK BEFORE THE FLIGHT, NO WONDER IT'S THE BUSINESSMAN'S CHOICE TO PORTUGAL.  
PHONE LONDON 01 828 0262, MANCHESTER 061 499 2161 OR PRESTEL 344 2602.



Calm Cover SUPERIOR SCIENCE IN PRINTER SILENCERS 0845 - 22444

FINANCIAL TIMES

Tuesday June 20 1989

TROLLOPE & COLLS CONSTRUCTION 01-689 2266

Greek communists reject Mitsotakis coalition plan

By Andreana Ierodiaconou in Athens

GREECE'S OPPOSITION Communists late last night rejected a proposal by Conservative opposition leader Mr Constantine Mitsotakis to form a temporary coalition government...

result has opened the possibility for rule by coalition governments. The Communist announcement indirectly rejected Mr Mitsotakis' proposal by saying that the Communist Alliance...

ditionally loved to hate. The Communists' response, however, dashed Mr Mitsotakis' hopes of quickly gaining the Prime Ministerial office.

might enable Mr Mitsotakis to take office alone in order to lead the country to new elections. If none of the three major parties succeed in forming a viable government...

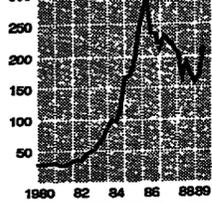
ter demand, as they have indicated they will, the removal of the acting Prime Minister, Mr Andreas Papandreu from the leadership of the Socialist party...

A coy saviour for Gateway

THE LEX COLUMN

Gateway Corporation

Share price (pence)



1980 82 84 86 8889

The market has learnt not to get its hopes up over the famous counter bid for Gateway, and until late yesterday was betting 2 to 1 against a real live bid from the Wasserstein Perella camp...

However, if Spain is entering the EMS with an overvalued currency, the deflationary implications for the country's economic growth will have a painful knock-on effect on the corporate sector's above-average earnings growth.

Hunting

Given the market's obsessive desire to break up companies into their constituent parts, it was odd to see the hunting family yesterday putting the bits of its empire back together again.

Spain

The enthusiasm with which the financial markets greeted Spain's entry into the European Monetary System has caused something of a dilemma for the authorities.

Telling the good from the bad

The US is weighing its options in South Africa, writes Lionel Barber

DURING a recent pep talk to foreign service professionals at the US State Department, Mr James Baker was asked to identify policy failures under former President Ronald Reagan. "Central America and South Africa," he shot back.



US State Department's James Baker (left) and South Africa's leader-in-waiting F. W. de Klerk

The answer baffled those present. Many considered the US role in sponsoring the Namibia-Angola deal a clear success. But the new Secretary of State was adamant: Congress's vote in 1986 to override a presidential veto and approve economic sanctions against South Africa amounted to bad policy and, like Central America, represented a breakdown between the executive and legislative branches.

Mr Baker's desire for co-operation between the Republican White House and the Democratic Congress is a useful policy pointer now that the Administration is renewing its interest in South Africa.

President George Bush, expressing an abhorrence of apartheid, has already charmed the combustible anti-apartheid bishop Desmond Tutu at the White House. Mr F.W. de Klerk who is expected to take over as South Africa's next president, is due to visit Washington later this year.

Mr de Klerk would be the first leader of the Pretoria government to visit the US in 30 years. The word is that this is merely a "mutual sizing-up session," but some officials believe the trip offers an opportunity for the US to renew efforts to open a dialogue between Pretoria and opposition groups, including the African National Congress.

To date, the Administration's tempo has been more adagio than allegro. A policy review on southern Africa is not yet complete and Mr Hank Cohen, successor to Mr Chester Crocker, the senior State Department official who spent eight years mediating the Angola-Namibia accords, has remained deliberately opaque.

Yet the atmosphere of external calm is misleading. Last April, Mobil Corporation, the largest US company still in South Africa, announced it was pulling out. Mobil, with \$400m in assets and nearly 3,000 employees there, led the anti-sanctions campaign in the US; its disinvestment strips the movement of its most articulate voice.

The US company blamed a 1987 change in tax law, sponsored by Congressman Charles Rangel of New York, which banned US companies from claiming an American tax benefit for taxes which their South African operations paid to the Pretoria Government. Its decision may be a watershed.

Until the Mobil pull-out, US disinvestment was slowing. Only 28 companies withdrew last year, compared with 52 in

1986 and 56 in 1987, according to the Washington-based Investor Responsibility Research Centre. One reason was that the biggest companies have already folded their tents; another is that the 136 US businesses which remain believe their presence can be a positive force for political change.

Bishop Tutu's recent mission to Washington was marked by a similar ambivalence toward sanctions. Some lawmakers appear to be having second thoughts too. In the newly mentorial mood in Congress, some have noted that Japan replaced the US as South Africa's major trading partner in 1988.

This has not deterred Congressman Ron Dellums, the Democratic sponsor of the bill, from pressing his bill for new, comprehensive and multilateral sanctions against South Africa. Mr Dellums, who first introduced sanctions legislation in 1971 and secured part of his goal in 1985, has already amassed 135 signatures in the House. But, as he recognises, the key to passage lies in the US Senate.

Mr Dellums met recently with Senator George Mitchell,

the new Senate Democratic Majority leader, to discuss the timetable for legislation, and to urge the Senate to take the lead. Senator Mitchell, who voted for the 1986 sanctions, may move early - but he too knows that to win he needs at least 60 votes to lead off a certain Republican filibuster led by Senator Jesse Helms.

The notion of allowing Britain a greater diplomatic role sounds plausible, with one caveat. The Soviet Union too has indicated it wishes to play a role in the region. The Soviet contribution towards promoting the Angola-Namibia accords through pressure on its Cuban client state was one important sign; Moscow's recent public attempt to play down its restricted role in the revolution is another.

Mr Baker thinks he has learnt from the foreign policy failures of the Reagan administration. The test will be whether he can adapt to a new era where a country such as South Africa does not fit easily on the East-West chessboard and where, as one expert in Washington says, "it is no longer so easy to tell the bad guys from the good guys."

Commission to fund microchip research

By Judy Dempsey in Vienna and Terry Dochworth in London

EUROPE'S largest and most ambitious collaborative research project into semiconductor technology is to receive almost Ecu1.8 (\$1.62bn) from the European Commission over the next eight years.

The Commission's decision, announced at a meeting of European Industry Ministers in Vienna yesterday, will give Brussels an influential role in European efforts to catch up with the Japanese and US chip manufacturing industries.

It also marks a tentative shift of policy at the Commission, which up to now has stuck strictly to support for pre-competitive research projects. Although the Commission will maintain this stance in the chip project, some elements of the plan are much more radical than any it has supported in the past.

The Commission is to provide a quarter of the Ecu1.8bn being put into the programme, known as Joint European Sub-contractors (JES). Half of the funding will come directly from the industrial companies in the project, with the other 25 per cent being provided by individual European Governments.

The funding structure follows a year of tortuous discussion. JES, launched at the same time as a similar venture in the US, was originally conceived by the Eureka research organisation for collaboration in the field of advanced technology. However, the initial partnership arrangement between Philips and Siemens, helped by their respective Governments in the Netherlands and West Germany, was later expanded to include other companies and countries.

The Commission, through its Esprit co-operative research programme, became involved last year because of its increasing anxiety over Europe's weakness in semiconductor technology. Chip manufacturing is regarded as a basic technology which exercises a vital influence over other electronics products. Dependence on overseas suppliers for components became a political issue when a number of European were starved of memory chips during the acute shortage that developed last year. Industrialists and officials have since been anxious to ensure that European companies were deliberately discriminated against by Japanese suppliers.

The initial stage of JES is to run for 18 months, with start-up funding of Ecu50m to be financed out of existing funds. According to Mr Paul-Dolfi, the project will be divided into four parts: Co-operative research to develop advanced technologies for memory and logic devices. Research and development on production equipment and materials related to semiconductor production. Co-operation on development and standardisation of new computer-aided design tools needed to design advanced circuits.

Chip manufacturing is regarded as a basic technology which exercises a vital influence over other electronics products. Dependence on overseas suppliers for components became a political issue when a number of European were starved of memory chips during the acute shortage that developed last year. Industrialists and officials have since been anxious to ensure that European companies were deliberately discriminated against by Japanese suppliers.

The initial stage of JES is to run for 18 months, with start-up funding of Ecu50m to be financed out of existing funds. According to Mr Paul-Dolfi, the project will be divided into four parts: Co-operative research to develop advanced technologies for memory and logic devices. Research and development on production equipment and materials related to semiconductor production. Co-operation on development and standardisation of new computer-aided design tools needed to design advanced circuits.

Siemens signs DM1.5bn Soviet PC deal

By David Goodhart in Bonn

THE Soviet Union has signed a DM1.5bn (\$750m) order for personal computers from Siemens, the West German electronics group. The deal, thought to be the Soviet Union's biggest ever outside order for computers, will involve delivery of up to 300,000 machines.

Details have yet to be worked out, but Siemens confirmed Moscow would pay in Western currencies. Some reports suggested the foreign DM1.5bn would be obtained from the sale of Soviet chemicals through a British trading house.

News of the agreement comes a few days after the end of Mr Mikhail Gorbachev's visit to West Germany, the large orders were announced then but Mr Gorbachev spent much of his time talking with businessmen.

It appears the computers will be sent mainly by the Education Ministry and research institutes. Deliveries are meant to take place over the next three years with the possibility of extending the agreement for a further two.

Delivery volume may vary, dependent on whether the Soviet Union tries to build the machines under licence. Cocom, the Western agency

which controls high-tech exports to the Soviet Union, appears quite relaxed about the order. Earlier this year, a number of items including various types of personal computer were removed from Cocom's restricted list.

Siemens' breakthrough in the Soviet computer market is the first by a West German company and beat competition from Italy and the US.

Gateway in the balance

Continued from Page 1

reviewing the possibility of making a recommended offer. However, some details of the proposed financing arrangements involved in the Wasserstein bid - should it materialise - did become clearer. It is thought that the bid would be pitched at about 235p-a-share, valuing Gateway at just under £2bn. However, the total funding package, after taking in the

refinancing of existing Gateway debt, would be nearer to £2.5bn. This would be met by some £1.5bn of senior debt, which US bank J.P. Morgan is thought to be arranging along with Citibank.

Yesterday, the Gateway share price rose 3p to 215p - 5p above the Isosceles terms but well short of the rumoured Wasserstein price.

Thatcher 'disappointed'

Continued from Page 1

The results also left the Government bereft of any European Parliament members in Wales or Scotland. In spite of the obvious disappointment, however, ministers launched a determined campaign to play down the significance of the result and to rule out any panic changes in policy or cabinet personnel.

Downing Street indicated that this year's expected cabinet reshuffle would come at the end of July at the earliest, while Mrs Thatcher would not be pushed by "mid-term blues" into any policy U-turn.

The Prime Minister is expected to underline again her opposition to European Community plans for closer monetary integration and for a new European-wide social charter at next week's EC summit.

Downing Street indicated that this year's expected cabinet reshuffle would come at the end of July at the earliest, while Mrs Thatcher would not be pushed by "mid-term blues" into any policy U-turn.

WORLD WEATHER

Table with columns for location, temperature, and weather conditions. Locations include Accra, Algiers, Amsterdam, Athens, Beijing, Bombay, Buenos Aires, Caracas, Copenhagen, Dallas, London, Los Angeles, Luxembourg, Madrid, Manila, Moscow, New York, Ottawa, Paris, Rome, Seoul, Singapore, Stockholm, Taipei, Tokyo, Toronto, Vancouver, Warsaw, Wellington, Zurich.

Paris, Bonn challenge UK on union

Continued from Page 1

But he flatly rejected a revision of the EC Treaty, as called for by the Delors report, because the British Government did not consider that acceptance of the first stage should imply any commitment to a federal European banking system.

At a press conference, Mr Gonzalez said there was no prospect that an "exclusive" agreement on stage one of the monetary union proposals would be approved unanimously by the European Council.

Peter Bruce in Madrid writes: The Spanish peseta strengthened sharply against the D-Mark yesterday in its first day as a fully integrated member of the European Monetary System. Dealers in Madrid also reported very heavy buying in Government treasury bills - letas del tesoro - yesterday as foreign and domestic buyers rushed to take advantage of high yields in Government paper. "There is a widespread market perception that interest rates have now peaked," said an analyst, "and that this will put downward pressure on yields."

interest in the peseta at the end of its first day in the EMS, and that intervention buying during the day amounting to \$45m was not "excessive."

Advertisement for John Charcol mortgage services. Text: "At 9.95%, my new mortgage rate's unheard of. But then, how many people have heard of the ECU?" Features a 10.7% Typical APR rate and contact information for John Charcol.



Professionals Make It Look Easy



Globalization opens new doors to opportunity—but handling the ball in this fast-spinning world takes skill. **Sequor's International Services** make cross-border trade finance, including forfaiting and other non-recourse financing, look easy. Our worldwide locations,

leading-edge technology and experienced professionals handle every play. We're on your team with knowledge, technology and a new way of looking at things—at The Sequor Group.

The Sequor Group, a Security Pacific company, is an integrated securities processing, treasury management, fiduciary services and international banking organization.  
New York: (212) 644-0020



**Security Pacific**  
THE SEQUOR GROUP

International Services

INTERNATIONAL COMPANIES AND FINANCE

Time plans to avoid asset sales in Warner purchase

By James Buchan in New York

TIME, the US publishing and broadcasting group, says it will try to finance its friendly takeover of similar-sized broadcasting and entertainment group Warner Communications without selling any of its businesses.

The announcement, which was made in a statutory filing published yesterday in Washington, comes as the two companies prepare to defend their proposed merger in the courts. Paramount Communications, the former Gulf + Western entertainment group, is expected to sue to block the merger and path a hearing for its own \$1.7bn offer for Time.

Time said it wanted to structure the financing of the tender offer so that the indebtedness may be repaid or refinanced without asset sales. But the company cautioned that it could give no assurance that asset sales would not be necessary.

Wall Street received the Time announcement with some scepticism. If the merger succeeds, Time-Warner will be highly indebted and may need cash from asset sales to invest in its businesses, which range from feature films through magazines and records to pay-television.

But Time said that Warner had estimated its after-tax profits for 1989 at around \$470m, or \$2.88 a share, after merger expenses. They could be as high as \$530m or \$2.99 a share, Time continued.

In addition, Time said in a filing that a "senior officer" of Warner had predicted operating income, which is reported before taxes and interest, of \$200m in 1990. This would be 37 per cent higher than the budget for 1989.

Computer Associates to acquire Cullinet

By Karen Zagor in New York

COMPUTER Associates, the world's biggest independent software company, said yesterday that it was to acquire Cullinet, a smaller mainframe computer program supplier, for \$333m in stock.

Under the terms of the friendly takeover, Cullinet shareholders will receive half a share in Computer Associates for each of the 33m Cullinet shares outstanding. This amounts to about \$10.10 per Cullinet share, based on Friday's closing prices for Computer Associates stock on the New York Stock Exchange.

Computer Associates, based in Garden City, New York, said that the transaction would be accounted for as a pooling of interests and treated as a tax-free exchange to Cullinet shareholders.

Assuming that the agreement gets shareholder and regulatory approval, it is expected to be consummated in August. Both companies' boards have approved the deal. Cullinet, which reported 10 consecutive quarterly losses before posting third quarter profits at the end of January, yesterday reported a further profit for the fourth quarter.

Net income for the period ended April 30 was \$2.2m or 7 cents a share, compared with a loss of \$20.5m or 63 cents the previous year on revenues which fell to \$59.3m from \$64.3m a year earlier.

Analysts attributed the company's third and fourth quarter gains to a 10 per cent staff cut and other operating reductions at the end of January.

NatSemi \$23m in loss for year

By Louise Kohos in San Francisco

NATIONAL Semiconductor, the Silicon Valley chip manufacturer, unveiled operating losses of \$23.3m yesterday for the fourth quarter ending May 28, after adding most of its computer operations, compared with operating income of \$23.1m for the same period last year.

However, the group is forecasting a marked improvement in the coming year. Indeed, it lifted net earnings for the quarter to \$7.1m, or 73 cents per share, compared with \$22.4m or 18 cents per share in the fourth quarter last year.

Sales from continuing operations were \$1.55bn, up from \$1.43bn in the previous year. Results for both years were restated to reflect the fourth quarter sale of National Advanced Systems, and the

third quarter sale of Data-checker Systems, which manufactures retail point of sale computer systems, to ICL of the UK.

"The fourth quarter showed marked improvement for National Semiconductor," said Mr Charles Spork, National Semi's president and chief executive.

"During the past quarter we have identified the final restructuring activity necessary to remedy the problems in our performance and to position the company for a return to sustained profitability," he said.

"We expect to see a marked improvement in performance in the first quarter, and a return to profitability in the second quarter of fiscal 1990."

Advanced Systems, a joint venture formed by Hitachi of Japan and Electronic Data Systems, the US computer services company. This brought the company a post-tax gain of \$174.9m.

It also took a one-time charge of \$45.1m against fourth quarter earnings, related to the consolidation of its businesses in the US and Asia.

The company reported a net loss of \$23.2m, or 32 cents per share, for the year, compared with net earnings of \$22.7m or 49 cents in fiscal 1988. Sales from continuing operations for fiscal 1989 were \$1.55bn, up from \$1.43bn in the previous year.

Canadian deregulation takes shape

David Owen finds banks keen to see reforms planned for four years

The much-delayed final phase of Canada's reform package for federally regulated financial institutions is taking shape in the sober corridors of the Finance Ministry.

Mr Gilles Loiselle, the junior minister charged with formulating and implementing the package, has promised draft legislation pertaining to banks and trust companies (near-banks based on home mortgage and fiduciary business) by the end of this month. Insurance industry legislation is planned to follow "in short order."

The laws will detail the extent to which these three hitherto distinct types of institution will be able to encroach upon each other's turf, and whether or not restrictions will be placed on the ownership of financial groups by commercial entities.

The reform aims to enable Canadian financial groups to restructure to remain competitive globally, and to provide consumers with one-stop shopping for a broader range of services.

The legislation will complete the process started in June 1987, when the barriers preventing banks and others from entering the securities business were removed. However, it will do nothing to simplify Canada's chaotic and unwieldy jurisdictional morass.

Currently, banks are the only financial institutions to fall unequivocally under Ottawa's control. Insurers and

trust companies are covered by federal and provincial rules, while the securities industry is still an exclusively provincial preserve.

Regardless of where Mr Loiselle chooses to draw the lines, the draft legislation is sorely needed. While Ottawa has fiddled for four years, attempting to formulate laws to reflect "the reality of a rapidly changing financial sector," corporate strategists have been unable to plan ahead without knowing what the new laws would be.

Some have taken advantage of the faster pace of provincial deregulation, particularly in French-speaking Quebec, to try to force Ottawa's hand. Others have launched initiatives which appear to stretch the interpretation of existing laws to its limit and to blur further the distinctions between the three so-called "pillars" of the Canadian financial services industry.

All are lobbying in a last-ditch effort to bend the Government's ear.

The most animated sector of debate is insurance, in which banks are desperate for permission to sell policies through their extensive branch networks, much to the chagrin of Canada's 19,000-strong community of insurance brokers.

Having marketed insurance in a limited way for some time, by selling credit life insurance to consumer borrowers, two Canadian banks - Toronto-Dominion and Bank of Nova Sco-

tia - have become more involved by initiating marketing ventures in property insurance with specific general insurance companies. A House of Commons finance committee is investigating the legality of these moves.

The banks argue that their reduced administrative costs could save consumers up to 15 per cent on certain insurance policies. Such claims have been reinforced by a Public Interest Research Group study, which estimated potential savings at between 9 and 23 per cent.

The banks maintain that they need access to insurance to compensate for the inroads trust companies and credit unions have made into their traditional business, particularly consumer deposit-taking and lending.

They tell brokers that their only interest is in selling simple insurance products and that Britain and Australia are places that show that the market is big enough to handle both marketing methods.

"If you try to stand in front of the steamroller of change, you will certainly become part of the road," Mr Robert Korzhals, Toronto-Dominion president, informed the Insurance Brokers Association of British Columbia.

The brokers argue that selling insurance through bank branches would be detrimental to consumer interests, since the customer would typically

only be offered the products of one company rather than the wide range carried by the average broker. They fear that borrowers may feel coerced into accepting the insurance offered by their bank. Finally, they doubt that banks will be able to sell insurance as cheaply as they say they can, and make a profit.

"We don't see that the banks would be able to sell insurance any cheaper than brokers, although they could treat it as a loss leader for a time," says Mr Basil Steggle, general manager of the Insurance Brokers Association of Canada.

The stakes are high. Canadians, a proverbially prudent lot, are said to be the most heavily insured people in the world. Brokers and agents last year generated C\$11.7bn (US\$9.75bn) in property and casualty insurance premiums alone.

The brokers are expected to emerge the happier when Mr Loiselle's draft legislation finally appears. The minister indicated last month that his new rules would "not allow the banks to retail insurance."

However, the banks are widely expected to get permission to own insurance companies and to market policies to their credit card holders.

In a controversial move this year, the Government set a precedent by approving a foreign bank licence for American Express while allowing the company to continue to operate its travel and insurance businesses.

Ottawa considers third class of bank

CANADA'S Federal Government is considering creating a third class of banks which could be owned by commercial interests and non-bank institutions to resolve the problem of ownership, writes Robert Gibbens in Montreal.

At present, Schedule A banks - the six large chartered banks - are subject to a 10 per cent ownership limit; Schedule B banks - foreign-owned banks - have no ownership limits.

Mr Gilles Loiselle, Minister of State for Finance, maintains that creating a new

class, Schedule C banks, would help to keep the financial sector "vibrant and sound."

It is thought that the Government would allow any company from the insurance industry to the captive car sales financing companies to own a Schedule C bank, provided the capital and other federal guidelines were met.

Trust companies could convert into and conglomerates such as Inasco and Power Corporation of Canada could own Schedule C banks.

The new class would enable the Government to leave the chartered banks undisturbed. These account for nearly 90 per cent of the industry, but trust companies have been operating more like chartered banks but without the same ownership restrictions.

The chartered banks are suspicious of the C bank idea, saying that the Government would be serving the interests solely of commercial groups wanting to own banks.

New Issue This announcement appears as a matter of record only. 14th June, 1989



Electricité de France

Japanese Yen 30,000,000,000

5.2% Japanese Yen Bonds of 1989—Sixth Series, due 1996

Issue Price 101.10 per cent.

Yamaichi Securities Company, Limited

- |  |  |                                  |
|--|--|----------------------------------|
| Daiwa Securities Co. Ltd.                          | The Nikko Securities Co., Ltd.                           | The Nomura Securities Co., Ltd.  |
| New Japan Securities Co., Ltd.                     | The Nippon Kangyo Kakumaru Securities Co., Ltd.          |                                  |
| Cosmo Securities Co., Ltd.                         | Dai-ichi Securities Co., Ltd.                            | Kokusai Securities Co., Ltd.     |
| Maruman Securities Co., Ltd.                       | Marusan Securities Co., Ltd.                             | Okasan Securities Co., Ltd.      |
| Sanyo Securities Co., Ltd.                         | Taiheyo Securities Co., Ltd.                             | Tokyo Securities Co., Ltd.       |
| Universal Securities Co., Ltd.                     | Wako Securities Co., Ltd.                                | Yamatane Securities Co., Ltd.    |
| Chuo Securities Co., Ltd.                          | Credit Lyonnais Finanz A.G. Zurich Tokyo Branch          | CS First Boston (Japan) Limited  |
| Goldman Sachs (Japan) Corp.                        | Kleinwort Benson International Incorporated Tokyo Branch |                                  |
| The Kosei Securities Co., Ltd.                     | Melko Securities Co., Ltd.                               | Merrill Lynch Japan Inc.         |
| Morgan Stanley Japan Ltd.                          | Naigai Securities Co., Ltd.                              | National Securities Co., Ltd.    |
| Paribas Capital Markets Limited Tokyo Branch       | S.G. Warburg Securities (Japan) Inc.                     |                                  |
| Salomon Brothers (Asia) Limited Tokyo Branch       | Smith, Barney International Incorporated Tokyo Branch    |                                  |
| Sogen Securities (North Pacific) Ltd. Tokyo Branch | W.I. Carr (Overseas) Ltd. Tokyo Branch                   | The Chiyoda Securities Co., Ltd. |
| Ichiyoshi Securities Co., Ltd.                     | Izumi Securities Co., Ltd.                               | The Kaisai Securities Co., Ltd.  |
| Mito Securities Co., Ltd.                          | Towa Securities Co., Ltd.                                | Toyo Securities Co., Ltd.        |
|  | Utamiya Securities Co., Ltd.                             |                                  |

**CREDIT LYONNAIS**  
U.S.\$ 250,000,000 Floating Rate Notes due 1996  
Notice of early redemption

Notice is hereby given to the holders of the above mentioned Notes that Crédit Lyonnais will proceed to the early redemption of the total of the outstanding Floating Rate Notes due 1996 at their principal amount on the next interest payment date falling on July 24, 1989.

Interest accruing on the outstanding Floating Rate Notes will cease as of that same date.

BANQUE INTERNATIONALE A LUXEMBOURG  
Société Anonyme  
Fiscal Agent and Principal Paying Agent  
Luxembourg, June 20, 1989

U.S. \$150,000,000  
**MARINE MIDLAND BANKS, INC.**  
Floating Rate Subordinated Notes Due 2009

Interest Rate	9 5/8% per annum
Interest Period	20th June 1989 20th September 1989
Interest Amount due 20th September 1989 per U.S. \$10,000 Note	U.S. \$ 245.97
per U.S. \$50,000 Note	U.S. \$1,229.86

Credit Suisse First Boston Limited  
Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

# St-Gobain 'ready for Europe bar the fine-tuning'

By Andrew Baxter

EUROPE and 1992 may be banned words in Downing Street this week after Mrs Thatcher's electoral drubbing, but not for Mr Jean-Louis Beffa and Saint-Gobain, the French glass, industrial ceramics and building materials group.

Mr Beffa, chairman and chief executive of the acquisitive group which was nationalised in 1982 and returned to the private sector four years later, was in confident mood in London yesterday as he talked about the group's prospects for 1989 and its positioning for the European Community's internal market changes in 1992.

"As a group we are totally prepared for the Europe of 1992," he said. "Europe for us is already close. We only have to fine-tune our installations here."

Mr Beffa said he did not subscribe to the commonly-held view that the main beneficiaries of the 1992 changes would be companies entering the European market from outside. St-Gobain's presence across Europe would enable it to decide which of its businesses would require a pan-European approach, and which should

better be handled on a national basis because of local differences in product ranges.

Mr Beffa cited the roof tile business as one where national differences, and even differences within national markets, would continue, although some local variations would slowly melt away.

The global approach to many other European product lines, for example, flat glass, St-Gobain's largest division, would require the company to move from a more federal approach towards continuing internationalisation of management teams, and greater movement of senior personnel between divisions and head office. "The division managers are too French, and we must have more non-French going to France and taking responsibility. It will take time to integrate things."

Mr Beffa expressed confidence that transport costs would fall after the 1992 changes, giving greater scope for shipping products across Europe.

Transport costs in Europe were on average double those of the US because of regula-



Jean-Louis Beffa: confident

tion, leading to lost time at borders, for example.

In the case of the UK, the Channel Tunnel, or the increased competition arising from it, would also reduce transport costs. St-Gobain is planning "significant new investments" in Stanton, its UK pipelines systems company, and sees considerable opportunities from the need for sewer replacement in the UK.

Mr Beffa said St-Gobain looks on Europe as the basis for its international expansion strategy.

The company has already spent \$740m (\$322m) on acquisitions this year, and has two major challenges, boosting its sales in the US from the current 14 per cent of the total (\$Fr8.9bn last year) to 20 per cent, and strengthening its presence in Asia.

# Solvay seeks to shed its boring image

Peter Marsh on a Belgian chemicals group's efforts to move into new products

Solvay, Belgium's biggest chemicals company and the 12th largest in Europe, is among the continent's most grand and venerable manufacturing enterprises. It also has the reputation of being dowdy and dull.

Baron Daniel Janssen, Solvay's amiable yet highly forceful chairman, thinks the image is wholly unjustified and points to a series of recent events to support his case.

Baron Janssen is a great-grandson of Ernest Solvay, the Belgian inventor who founded Solvay in 1863. With three academic qualifications - degrees in nuclear physics and civil engineering plus a Masters in Business Administration from Harvard University - he is also among the most broadly educated of the world's chemical bosses.

The 53-year-old baron, whose brother is head of Générale de Banque, Belgium's biggest bank, is a member of one of the country's most powerful families, which owns some 50 per cent of Solvay's stock.

The company's aristocratic image is reinforced by its board structure. Besides Baron Janssen the directors include a further baron, two viscounts, a count and a British peer, Lord Ezra, the former British Coal Board chief.

The idea that Solvay is boring is connected with its history. It started life as a maker of alkali products, well-established materials which are based on inorganic salts.

These substances have for almost all Solvay's existence formed easily its most impor-

tant business division. It is the world's biggest producer of a specific alkali chemical called soda-ash, which is widely used in glassmaking and detergents. Alkali products are highly important in many areas of manufacturing but their growth is near static and the materials are thought to be highly unexciting. More to the point, many onlookers take the company's dependence on alkali products as an indication of its exposure to the commodity, cyclical end of the chemicals business which could well be hit if there were a downturn in the world economy over the next few years.

Baron Janssen is keen, however, to portray Solvay as being much more than a producer of old-fashioned materials run by a bunch of toffs.

The mellifluous spoken chairman insists that many observers have an outdated view of Solvay and that they simply do not know about the changes that have taken place in recent years.

A case in point, he says, is that last year alkalis was for the first time displaced as Solvay's biggest commercial division. The materials accounted for 31 per cent of Solvay's \$Fr28.3bn (\$6.9bn) sales in 1988, 1 per cent behind plastics.

Solvay moved into plastics in the 1950s and is now among the world's top producers in two commodity plastics, polyvinyl chloride (PVC) and polyethylene, as well as being a significant producer of polypropylene. In PVC, Baron Jans-

sen says the company has aimed its marketing at higher-value areas of this business, in production of specialist grades for window frames, for instance, and is poised for significant further growth.

Even within the generally moribund alkalis sector, there



Baron Daniel Janssen: aiming at higher value areas

are some highlights, as Baron Janssen stresses. The Belgian company is among the leaders in production of barium and strontium salts used in the manufacture of TV tubes, a relatively fast growing area.

The Solvay head also is keen to highlight the strides made by the company in two other important areas, peroxygen chemicals and pharmaceuticals. In peroxygen products, which include hydrogen peroxide used in bleaching and perborates used in washing powder, Solvay is a 50 per cent owner of Interox, the world's biggest maker of these materi-

als. The other partner is Laporte, a UK chemicals group in which Solvay has a 25 per cent stake.

Sales of Interox have been growing comfortably, largely due to the good demand for hydrogen peroxide, which is environmentally less troublesome than many other bleaching agents based on chlorine.

As for pharmaceuticals, Solvay was a relatively latecomer, starting to build up in this field only in the 1970s. "Ten years ago health care accounted for just 4 per cent of our sales. Now the figure is 12 per cent and we are growing in this field at 20 per cent a year. That's not bad by any standards," says Baron Janssen.

Solvay is unusual among many big plastics producers in not having its own supplies of ethylene, an oil-derived gas which is a vital feedstock for polyethylene and many other similar materials. Instead, the company has to buy the feedstock from other chemicals companies.

In the past two years, in which the price of ethylene has risen markedly in response to the generally high demand for industrial chemicals, Solvay has suffered by having to pay high prices for its ethylene - a factor which has undoubtedly had a negative effect on earnings. Even so, however, the company recently unveiled net income for 1988 of \$Fr15bn, a 24 per cent rise on the previous year.

The baron says, moreover, he does not regret that Solvay sold off its last ethylene plant

some years ago. Although ethylene production is now highly profitable, he says it may well slip into losses in a future downturn in the chemicals business. "I am delighted we got out of ethylene," says Baron Janssen. "The Solvay head becomes aggrieved when the subject turns to the raids European Commission inspectors launched recently on Solvay offices as part of a pan-European investigation into possible market rigging in the soda-ash industry. "We are still waiting for the inspectors to say what they think we have done," says Baron Janssen. He vehemently denies that Solvay has colluded with other soda-ash suppliers to fix markets or prices in the industry.

As for Solvay's future, observers find it difficult to shake off their thoughts about the company's exposure to fluctuations in the world economy and its apparent dependence on commodity materials. These thoughts, more than anything else, explain why Solvay's share price has underperformed many other industry stocks over the past few years, despite the company's quite reasonable earnings growth.

When faced with this point of view, the Solvay head says - extremely politely and almost with a sense of disbelief - that the company is in a much better position than people think to weather any bad conditions in the industry. "We are making a serious effort to tell people about Solvay. We will have to do more."

# Rauma-Repola reports good start to year

By Our Financial Staff

RAUMA-REPOLA, the Finnish engineering, paper and shipbuilding concern, has reported a 47 per cent rise in pre-tax profit to \$Fr282m (\$88.5m) for the first four months of this year from \$Fr192m for the same period in 1988.

Consolidated net sales increased 45 per cent to \$Fr3.81bn from \$Fr2.62bn.

Rauma-Repola expected the favourable trend to continue this year, bettering last year's results. The company predicted sales would increase 24 per cent to about \$Fr4.1bn, compared with \$Fr3.72bn in 1988.

Under international accounting standards, Rauma-Repola said profit rose 21 per cent in the latest four-month period to \$Fr282m from \$Fr246m.

In the engineering division,

sales increased 38 per cent to \$Fr1.12bn during the four-month period from \$Fr813m in the same time last year. The company called prospects for the division encouraging and said it expects increased profitability for the full year after a recent reorganisation.

However, the pulp and paper division's profitability might be adversely affected by sharp increases in timber prices, Rauma-Repola said. The four-month sales slipped 15 per cent to \$Fr782m from \$Fr957m.

Sales in the packaging division jumped 69 per cent to \$Fr554m from \$Fr324m.

The shipbuilding and marine technology side made a strong comeback after a recession, pushing net sales up 414 per cent to \$Fr545m from \$Fr106m.

# Henninger in talks to sell Greek holding

By Our Financial Staff

HENNINGER-BRAU, a West German brewer, said its 25.9 per cent stake in the Greek brewer, Henninger Hellas, is up for sale in negotiations with BSN, the acquisitive French food and brewing group, AP-DJ reports.

The Frankfurt-based brewery said negotiations with BSN were taking place and that it expects a deal to be completed by mid-July, BSN said last week it had agreed to acquire a controlling interest in the Greek brewer for an undisclosed amount.

Henninger-Brau said most of the remaining three-quarters of Henninger Hellas was currently held by a group of Greek banks. It said it was "possible" that Henninger-Brau would sell its entire stake in the current negotiations.

# Pan-European airline takes off

By Lynette McLain

MR HARRY GOODMAN, chairman of International Leisure Group (ILG), has formally launched Airlines of Europe, a federation of five European airlines, with a forecast that its fares will be 30 to 40 per cent lower than those of larger competing airlines by 1992.

Airlines of Europe is the first pan-European airline and has been formed in readiness for the liberalisation of European civil aviation with the formation of the single European market in 1992.

It is currently owned 100 per

cent by ILG, which also owns Air Europe, a UK holiday charter and scheduled airline with more than 50 aircraft which carries 6.5m passengers a year.

The ILG holding is to be progressively diluted and acquired by the other member airlines which will make up Airlines of Europe, leaving ILG with 51 per cent of the equity in the new airline.

ILG has taken stakes in four other European airlines, the latest being Italian Air Europe SpA, in which it has a third of the shares. The other airlines

are Air Europa of Spain; Norway Airlines of Scandinavia and Nurnberger Flugdienst, of West Germany.

The airlines will operate to common standards laid down by Airlines of Europe and based on ILG's own airline standards in Air Europe, but they will have autonomy under the Airlines of Europe board of directors.

Mr Goodman said Air Europe had 78 more aircraft on order. He forecast that Airlines of Europe would carry about 22m passengers by 1993.

# CMI sees tripled profits

By Jim Jones in Johannesburg

CONSOLIDATED Metallurgical Industries (CMI), the South African ferrochrome manufacturer, expects that it will more than treble its pre-tax profit in the year to June 30, as export prices have risen strongly.

In a preliminary statement, the company estimates the year's pre-tax profit at \$Fr78.3m (\$83.7m), against the previous year's \$Fr26.3m. Earnings are forecast to rise to 286.2 cents a share, from 89.2 cents, and the year's dividend is to be raised to 115 cents, from 65 cents.

Mr Michael Hawarden, man-

aging director, says record world stainless steel production increased demand for ferrochrome sharply, allowing CMI to raise its dollar export prices by 38.5 per cent. He expects demand to remain strong during the coming year, but cautions that increased availability could affect ferrochrome prices.

Most South African ferrochrome manufacturers are increasing their capacity. CMI is itself raising annual capacity to 200,000 tonnes, from 150,000 tonnes.

This announcement appears as a matter of record only.

15th June, 1989



## UBE INDUSTRIES, LTD.

**U.S. \$400,000,000**

**4 per cent. Guaranteed Notes 1993**

with

**Warrants**

to subscribe for shares of common stock of Ube Industries, Ltd.

The Notes will be unconditionally and irrevocably guaranteed by

**The Sanwa Bank, Limited**

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

<p>IBJ International Limited</p> <p>Nomura International</p> <p>Dainva Europe Limited</p> <p>Norinchukin International Limited</p> <p>Westdeutsche Landesbank Girozentrale</p> <p>Citicorp Investment Bank Limited</p> <p>Kleinwort Benson Limited</p> <p>LTCB International Limited</p> <p>Merrill Lynch International Limited</p> <p>Mitsui Trust International Limited</p> <p>Morgan Grenfell &amp; Co. Limited</p> <p>New Japan Securities Europe Limited</p> <p>Okasan International (Europe) Limited</p> <p>Sakamon Brothers International Limited</p> <p>Scenska Handelsbanken Group</p> <p>Toyo Securities Europe Ltd.</p>	<p>Sanwa International Limited</p> <p>Credit Suisse First Boston Limited</p> <p>The Nikko Securities Co., (Europe) Ltd.</p> <p>Toyo Trust International Limited</p> <p>Bayerische Vereinsbank Aktiengesellschaft</p> <p>Deutsche Bank Capital Markets Limited</p> <p>KOKUSAI Europe Limited</p> <p>Manufacturers Hanover Limited</p> <p>Mitsubishi Trust International Limited</p> <p>J.P. Morgan Securities Asia Ltd.</p> <p>NatWest Capital Markets Limited</p> <p>Nippon Credit International Limited</p> <p>Paribas Capital Markets Group</p> <p>J. Henry Schroder Wagg &amp; Co. Limited</p> <p>Towa International Limited</p> <p>Wako International (Europe) Limited</p>
--	--

S.G. Warburg Securities

This announcement appears as a matter of record only.

15th June, 1989



## THE YOKOHAMA RUBBER COMPANY, LIMITED

**U.S. \$120,000,000**

**4 1/8 per cent. Guaranteed Notes 1993**

with

**Warrants**

to subscribe for shares of common stock of The Yokohama Rubber Company, Limited

The Notes will be unconditionally and irrevocably guaranteed by

**The Industrial Bank of Japan, Limited**

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

<p>IBJ International Limited</p> <p>Paribas Capital Markets Group</p> <p>Bank of Tokyo Capital Markets Group</p> <p>Baring Brothers &amp; Co., Limited</p> <p>James Capel &amp; Co. Limited</p> <p>Mitsubishi Finance International Limited</p> <p>J.P. Morgan Securities Asia Ltd.</p> <p>New Japan Securities Europe Limited</p> <p>Nippon Kangyo Kakumaru (Europe) Limited</p> <p>Okasan International (Europe) Limited</p> <p>Wako International (Europe) Limited</p>	<p>DKB International Limited</p> <p>Bank of Yokohama (Europe) S.A.</p> <p>Bayerische Vereinsbank Aktiengesellschaft</p> <p>Len Securities Limited</p> <p>Mitsubishi Trust International Limited</p> <p>Morgan Grenfell &amp; Co. Limited</p> <p>The Nikko Securities Co., (Europe) Ltd.</p> <p>Nomura International</p> <p>Taiyo Kobe International Limited</p> <p>S.G. Warburg Securities</p>
---	--

INTERNATIONAL COMPANIES AND FINANCE

Sleek powerlords of the autobahn

Andrew Hill surveys the seductive power of West German sports cars

Tucked in behind the wheel of a low-riding Porsche 911 Carrera 4 totally revamped under the hood but preserving the classic shape that has kept its allure over 25 years - you become a changed person, enjoying the smoothly authoritative surge of power that enables you to leave most other cars standing without the fear of losing control.

Even driving cautiously around the block in BMW's sexy, and extremely pricey, Z-1 Roadster, you gain some idea of what makes these sleek aristocrats of the road so seductive for the driver with a yen for speed and glamour and a bank account to match. The Porsche model, easier to handle than earlier 911s, costs DM114,500 (\$69,500 in the US), while the Z-1 will set you back DM85,000.

Compared with the overall market, sales of sports cars are strong in Germany - 26,000 last year out of total registrations of 2.6m. Clearly, for most people, such an automobile is no more than a dream, although Volkswagen with its new Corrado (DM69,000) and Japanese makers like Toyota and Mazda cater increasingly for the less rarefied end of this market. Honda, on the other hand, plans to invade the higher-priced sector with its forthcoming NS-X.

A successful sports model can have a powerful image-enhancing effect. For BMW, however, with its highly successful 7- and 5-series limousines and its sportier 3-series, the impact of the Z-1 is likely to be minimal. Only six are made each day, though production is sold out until 1992.

Yet for companies like Porsche or Daimler-Benz, the success of their new cars is vital. Porsche, for many aficionados the sports car company par excellence, is still independent, unlike such marques as Lamborghini, Ferrari, or Lotus. But its troubles in the US after the dollar's slide and the 1987 stock market crash mean it is dependent on its new models gaining



BMW's Z1 Roadster: production sold out until 1992

a strong hold on customers. Daimler, with a much broader model range, is clearly less bound to the success of its latest SL Roadster. It is going on sale in Germany later this summer (from DM68,500) and in the US is expected to take over half of the annual 20,000 SL production, at the end of the year.

Based like Porsche in Stuttgart, Daimler's problem is that it has been left behind to some extent in the quality car market by BMW further south in Munich. Its S-class models at the top of the range have a somewhat tired look. Hence the significance of the elegant new two-seat Roadster, the first in the group's new up-market range: it will be followed by the S-class limousines next year. Like the latest Porsche and BMW sports models, the SL Roadster serves as a technology showcase for Daimler's carmaking expertise.

When, apart from wealthy car freaks, drives these sorts of cars? Plenty of prosperous drivers, young or old, would not think of buying a high-powered sports car, for fear of incurring envy, or appearing too showy. Daimler's own literature gives a clue. "The new Mercedes-Benz SL offers fascinating motoring in the pure form only possible with a sports car," it coos. In other words, a luxury sports car offers something extra, with the functional business of getting from A to B in comfort as important as, or subordinate to, the feeling of pride and excitement that comes from owning a car that looks, feels, and drives differently.

Thus it is not only performance that counts. For many people, the aspects of sport and luxury are a dichotomy," says Mr Hans Halbach, Porsche's marketing director. "They tend to think sports cars have got to be like those of 20 years ago." But times have changed. "Today, sports car drivers want a car which also includes functional luxury." Thus the latest Porsches have air-conditioning, and not just for the US. Because of population trends, Mr Halbach adds, the average age of a Porsche customer is now 44 compared with 38 in the early 1980s. This, combined with overall advances in car design, means they expect to be able to drive more quietly and smoothly and are less eager, he insists, to drive at dare-devil speeds. After its US debacle, Porsche

invested heavily in upgrading its cars. It dropped the cheaper 284 model to regain its image of exclusivity. In Germany, the cheapest Porsche is now the basic 944 at DM63,000. It has raised back total output and is raising supply of the new models gradually to ensure top quality.

"We want to produce fewer cars than we can sell," remarks Mr Halbach. It is also reducing its dependence on the vital US market from over 60 per cent when its sales slumped to less than 50 per cent in Germany. It aims to sell around 8,000 cars (a quarter of production) this year against 7,000 or so in 1988, seeing a potential level of 10,000.

People in Germany are more willing to spend money on such indulgences as a luxury sports car, reckons the Porsche director. Many Ferraris are not even driven in the winter, but kept in the garage like a diamond in the vault. "To the average driver, all this is remote from reality. Even so, in one of the world's most car-minded countries, people are more willing to let cars show their status and wealth. It helps, of course, to have long stretches of autobahn without speed limits."

Ascoli steps nearer to Repubblica acquisition

By Alan Friedman in Milan

CARTIERA DI Ascoli, the publicly quoted paper manufacturing subsidiary of Italy's Mondadori publishing group, yesterday approved a change in its corporate status. This could pave the way for the acquisition and eventual stockmarket quotation of la Repubblica, the popular Rome daily newspaper that is controlled by Mondadori.

Mondadori, which owns 90 per cent of Ascoli, is to pay a total sum of more than \$500m to acquire 100 per cent control of L'Espresso, the publisher that owns part of la Repubblica. The payment will be made later this year in both cash and Ascoli shares. Ascoli had 1988 turnover of around L200bn (\$139m).

The quotation of la Repubblica, which Mondadori executives predict will take place sometime next year, could come about by transferring ownership of the paper from Mondadori-Espresso into Ascoli, changing Ascoli's name and using the existing listing on the Milan bourse.

Alternatively the Rome-based newspaper could be quoted on its own or by using a L200bn bond issue for la Repubblica that is being issued next month and which carries 20 per cent of the newspaper's equity.

On a separate issue, Mr Emilio Fossati, managing director of Mondadori, noted yesterday that the Milan-based publisher could be interested in eventually acquiring the European book club assets of Time, the US publishing group that is currently involved in a complex corporate battle in the US. Mr Fossati is to form a holding company with Italy's Piaggio Pro Ind to make water and oil pumps and other car parts. The West German car-parts maker will own 50 per cent of the joint venture.

GATWICK-BRUSSELS

We've cut the cost of business travel.



5 flights daily

Business Class £186 return Save £28\*

Air Europe have cut the cost of business travel, but not the quality of service. Privileges for passengers include free use of an exclusive aisle lounge at Gatwick and lounges at most other airports, a separate Business Class cabin and, of course, superb in-flight service aboard the latest Boeing 737 aircraft.

GATWICK TO BRUSSELS	DEP	ARR	BRUSSELS TO GATWICK	DEP	ARR
MON-FRI	07.40	09.35	MON-FRI	07.50	07.50
	11.15	13.15		10.20	10.20
	14.55	16.50		14.00	14.00
	18.30	20.25		17.30	17.30
	20.00	21.50		21.05	21.00

\*Based on the standard fare of £214. Based on Air Europe services only. Weekend schedules vary. @ Airport fee payable.

So now you really can save, but still enjoy the best, when you fly on business. Book through your travel agent or contact us direct on the Air Europe Linkline-0345 444737.

Business air europe Class TOGETHER WE MEAN BUSINESS

ALSO DAILY SCHEDULED SERVICES FROM GATWICK TO: PARIS, MUNICH, GENEVA, OSLO, COPENHAGEN, STOCKHOLM, BOMBE, BALMA, MADRID, GIBRALTAR AND BY AIR EUROPE EXPRESS TO: ROTTERDAM, DUSSELDORF AND ANTWERP.

C&A BUDGET ACCOUNT INTEREST RATE CHANGE

Recent interest rate movements have made it necessary to revise the interest rate charged to account customers. The new rate charges on the outstanding balances on C&A Budget Accounts, where payment is made automatically by a bank will be 2.4% (equivalent to 32.9% APR). For accounts where payment is by other methods the interest rate will be 2.5% per month (equivalent to 34.4% APR). The variation will be reflected in statements produced on or after 3rd July 1989.

This notification is in accordance with Clause No. 11 of the conditions of use for C&A Budget Account.

The creditor under C&A Budget Account is NWS BANK plc, NWS House, City Road, Chester X, CH99 3AN.

PAN PACIFIC SINGAPORE EXECUTIVE EXPERIENCE



- 2-day/1-night accommodation on the exclusive Kingfisher Floor, accessible via car-operated elevator
  - Extended check-out time, 5pm.
  - A private lounge for entertaining your guests
  - Complimentary breakfast, high tea and evening cocktails
  - Exclusive butler service (she'll even suggest which tie to go with your suit)
  - Complimentary laundry and dry cleaning service
  - Complimentary use of super deluxe hospitality suites
  - Access to P&O service and Dow Jones News/retail services
  - Complimentary use of Oasis Health and Fitness Club facilities
  - No extra charge for associate or spouse
  - 24-hour Business Centre
  - Chauffeur airport limousine transfer (\$245++ each way)
- Other Executive Perks:
- Choice of 3 video channels with 42 of the latest movies in town
  - Choice of 11 food and beverage outlets
  - Free parking
  - A stone's throw from the financial district
  - 15 minutes from Changi International Airport
- Only \$229++ per night.\*

\* Price does not include 10% service charge and 3% government tax. \* Valid from 1 June 1989 - 31 Dec 1989.

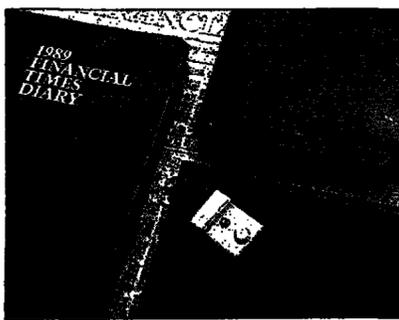
GILT EDGED GIFTS FROM THE FINANCIAL TIMES...

Since our first diary was launched fifteen years ago, the FT has acquired an unrivalled reputation for designing products which both enhance efficiency and reflect good taste.

This year there's a greater choice of FT gifts than ever before. To complement the famous FT Diaries and the Factorator personal time and task management system, we've introduced a superb range of luxuriously crafted boardroom accessories.

Not to mention the stylish new FT Wall Calendar - destined to be the most sought after business gift of the year! And remember, every item can be personalised with initials and company logos to make the perfect corporate gift.

Send for the free FT Collection catalogue now. Write or telephone the FT Collection, 7th Floor, 50-64 Broadway, London SW1H 0DB. Tel: 01-799 2002. Send a business card or use the coupon below.



THE FINANCIAL TIMES COLLECTION



A TRADITION OF EXCELLENCE

Please send me the new FT Collection catalogue.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

POST CODE \_\_\_\_\_

FT BUSINESS INFORMATION LTD, REGISTERED OFFICE, BRACKEN HOUSE, 10 CANNON STREET, LONDON EC4A 3DF

JAGUAR SPOTT FOLLETT JAGUAR SOUTH KENSINGTON, 01-589 4589

WE KEEP THE BIG CATS

GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
340	295	Asst. Brit. Ind. Ordinance	340	0	10.5	3.0	9.2
38	28	Armitage and Shanks	32	+1	-	-	-
33	25	BBD Design Group (USM)	32	0	2.1	6.4	7.8
210	149	Barton Group	197	0	2.7	1.4	33.7
22	10	Berkshire Group Co. Prof. (SE)	22	0	6.7	5.4	-
223	100	Ray Technologies	100	0	5.9	5.9	8.8
310	207	Brownhill Over. Prof	108	0	11.0	10.2	-
305	285	CEL Group (USM)	290	0	14.7	5.0	3.7
176	168	CEL Group 11% Conv. Prof	174	0	14.7	3.4	-
218	140	Carbo Plc (SE)	205	0	7.6	3.7	12.1
110	99	Carbo 7.5% Prof (SE)	110	0	10.3	9.4	-
835	350	George Blair	835	+423	12.0	1.4	18.4
225	119	Indo Group	125	0	-	-	16.4
104	115	Jauchon Group (SE)	100	0	7.1	3.9	10.5
322	261	Muller-Rose NV (USM)	305	0	-	-	-
117	98	Robert Jenkins	117	+1	7.5	6.4	4.4
407	403	Sectra	407	0	18.7	4.0	12.4
290	270	Taylor & Carlisle	290	0	9.3	3.2	18.1
117	100	Taylor & Carlisle Conv. Prof	116	0	10.7	9.2	-
122	92	Trevelin Holdings (USM)	97	+1	2.7	2.8	10.4
127	106	Unilever Group Conv. Prof	127	0	9.3	7.3	-
328	320	Westbury Drug Co. Plc	320	0	24.0	5.4	9.4
570	327	W.S. Yates	335	0	16.2	4.8	27.9

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA.

These Securities are dealt in strictly on a settled basis. Neither Granville & Co Limited nor Granville Davies Limited are market makers in these securities.

Granville & Co. Ltd. 8 Lovell Lane, London EC2R 8EP Telephone 01-621 1212 Member of TSA. Granville Davies Limited 8 Lovell Lane, London EC2R 8EP Telephone 01-621 1212 Member of the Stock Exchange & TSA.

ENSO'S STRONG POSITION IN THE NEWSPRINT MARKET: YOU ARE HOLDING THE PROOF IN YOUR HANDS.

Enso manufactures newsprint every year for well over a billion newspapers, including the one you are reading at this very moment. In 1988 net sales of Enso Publication Papers grew by 27% to 232 million Pounds\*. Sales output grew to 700,000 tonnes.

**Solid, steady growth**  
In 1988 the Enso Group supplied almost 1300 million Pounds' worth of pulp, paper, board and wood products, an increase of 21% over 1987. The reason for this success: every Enso product is developed to meet the needs of customers and consumers in a changing market.

\* 1 GBP = 75 FM

ENSO-GUTZEIT OY  
Korvenranta 1, 00160 Helsinki, Finland  
tel: (358) 016 291, fax: (358) 0162 947

INTERNATIONAL COMPANIES AND FINANCE

### Premier to sell SAB holding and raise R280m in rights

By Jim Jones in Johannesburg

PREMIER GROUP, one of South Africa's largest diversified food groups, is to restructure itself by listing off its 33.5 per cent interest in South African Breweries (SAB) and by raising about R280m (\$80.5m) through a rights issue of ordinary shares.

Premier acquired the SAB interest in 1984, as part of the transaction in which Associated British Foods divested and sold control of Premier to the Anglo American group.

In Johannesburg yesterday, Mr Peter Wrightson, Premier's chairman, said the restructuring would allow investors to assess properly the worth of the group's so-called "core" interests - food, pharmaceuticals, entertainment and consumer wholesales/retail.

In the last financial year, they alone generated a turnover of R4.15 bn, a pre-tax profit of R216.7m and attributable earnings of R92.3m. SAB contributed an additional

R175.3m of equity-accounted earnings, representing about 65 per cent of Premier's total attributable earnings.

Mr Wrightson says the rights issue will allow Premier to reduce its borrowings and give it the borrowing capacity needed for further business development.

Industry analysts believe Premier is positioning itself to make new acquisitions as foreign firms divest.

The SAB interest will be transferred to a new holding company, which has still to be named and which will be listed on the Johannesburg Stock Exchange. Premier's present shareholders will be given one share in the new SAB holding company for each Premier share they own.

Terms of the rights issue are to be disclosed on July 24, but shareholders will be offered additional shares in the SAB holding company in proportion to the rights they take up.

### Dainippon Ink pays Pta2.7bn for Prisma

By Our Financial Staff

DAINIPPON INK and Chemicals has acquired 100 per cent of Prisma, Spain's second-largest ink-maker, for Pta2.7bn (\$21m), through its wholly-owned New Jersey subsidiary Sun Chemical.

Prisma, which is based in Bilbao, has plants in Madrid, Barcelona and Bilbao, as well as a Portuguese plant in Funchal.

Dainippon Ink has made several acquisitions in the US and West Germany over the past three years, taking control of plants in the US, Britain, West Germany, France, Switzerland, Italy, Sweden and other European countries.

Dainippon Ink, which earlier this year reported a 26.5 per cent increase in pre-tax profits to the end of March, to Y18.5bn (\$138m), from Y14.5bn in the year ending in March 1988, on sales of Y440.7bn, up from Y417.7bn, will now have production units all over Western Europe, a company spokesman said. Its share of the European ink market is expected to rise by one percentage point to 15 per cent, compared with the 12.6 per cent held by BASF of West Germany.

### Enso hopes London listing will draw foreign investors

By Andrew Baxter

SHARES in Enso-Gutzeit began trading on the London Stock Exchange yesterday, as part of moves by the Finnish state-controlled forest products group to put its sources of finance on a par with those of its privately-held rivals.

The listing is the first outside Finland for Enso, in which the Finnish state has 50.3 per cent of the shares and 66.1 per cent of the votes. London was chosen, said Mr Jukka Härmälä, president and chief operating officer, because it was the most international stock exchange and because of the importance of the European market for Enso's products.

The UK is Enso's biggest export market - the Financial Times is one of Enso's biggest newspaper customers - and is followed by West Germany. Apart from wanting to make its name better known on international capital markets as its sales become increasingly global, the immediate aim of the listing is to make trading in Enso's shares easier for existing or potential foreign investors. At the end of 1988, non-Finnish citizens had 7 per cent of Enso's shares and 3.1 per cent of the votes.

Foreigners are able to buy only Enso's free shares, two series of which will be listed in

London, A shares with one vote each and B shares with one-tenth of a vote. The free shares represent just under 20 per cent of total shares outstanding, in line with the maximum total shareholding normally allowed for foreign investors in a Finnish company.

The possibility of using the London listing to raise money would be considered later, Mr Härmälä said last week. Last year Enso raised FM224m (\$50.4m) from an international issue of free B shares, and in May completed an FM400m domestic equity issue.

Enso is keen to raise new equity to improve its gearing - Mr Härmälä said Enso's equity represented 32 per cent of the total balance sheet, against 40 to 50 per cent at its biggest competitors. This discrepancy is reflected in the slightly lower price/earnings ratios for the company's shares in comparison with private-sector rivals.

Mr Härmälä acknowledged that, in many respects, the presence of the state had proved a restriction to its capital-raising objectives. So long as the state wished to keep its share in the company constant, budgetary constraints on the amount it subscribed to Enso's

new issues could put a ceiling on the total amount of new capital raised.

In fact, the state has let its stake in the company slip from 55 per cent of the shares and 69.3 per cent of the votes at the end of 1987, but privatisation is more a talking point than part of Finland's political agenda. Over the past 15 years the state's investment in Enso has been eroded by the dividends it has received.

Finland's FM120m investment in Enso this year is dwarfed by the company's planned capital spending of FM1.6bn to FM2.2bn. A number of big spending projects are currently underway or planned, including a FM2.4bn joint venture with the Soviet Union in which birch from Soviet Karelia will be used to produce, by 1992, 485,000 tonnes a year of short-fibre pulp. This is used in Enso's liquid-packaging products, its biggest single product line.

Enso last year reported record profits after financial items of FM319m on sales of FM9.8bn. Over the past two decades the company has moved out of commodity-type products such as kraftliner to focus on more specialised value-added lines like fine papers.

### Gencor's R1.47bn issue terms unveiled

By Jim Jones

GENCOR, South Africa's second-largest mining house, has disclosed the terms of its planned R1.47bn (\$524m) rights issue.

Holdings of the group's ordinary and convertible preference shares and the group's convertible debentures are being offered 20 new ordinary shares at a price of R75 each for every 100 capital units (shares or debentures) they hold.

Federale Mynbou (Fedmy), Gencor's controlling shareholder, is to follow its rights offer and plans to do so by raising R288m with a 22-for-100 rights issue of ordinary shares at a price of R85 each.

Sanlam, the insurance company which controls Fedmy, says it will follow its rights offer at a cost of about R282m

and that Sankorp, its wholly-owned subsidiary, will underwrite the issue.

Following the rights issue, Gencor and Fedmy will split their shares and debentures on a 10-for-one basis.

The Gencor group is engaged in several large mining, energy and metals developments. Samcor, its ferro-alloys subsidiary, is planning to establish a stainless steel plant as a joint venture with Highveld Steel & Vanadium.

The group will need to finance an oil-from-shale venture and participation in offshore gas developments within the next two or three years, in the Orange Free State, the group is developing the new Oryx gold mine, and in the western Transvaal, Impala Platinum is developing its new Karee mine.

### Hooker credit line request

By Our Financial Staff

HOOKER CORPORATION, the Australian property and retail company with US interests, yesterday asked its bankers to keep credit lines open to help it overcome a "short-term liquidity problem."

The company has called in the Peat Marwick Hungerford accounting and management consulting concern and says it is seeking a joint-venture partner for its US department stores. On May 29 the company announced a plan to sell A51m (US\$762m) of assets in the US and Australia over 12 months to reduce debt.

Directors will ask bankers tomorrow to provide further funding "to restore satisfactory liquidity for the immediate future."

### Magnum buys liquor chain

By Terry Hall in Wellington

MAGNUM CORPORATION, the brewery and wine business with retail liquor outlets which is 75 per cent controlled by Brierley Investments, the New Zealand investment and finance company, announced yesterday it was taking over Wilson Neill's national chain of 32 liquor stores for around NZ\$40m (US\$23.5m).

The move, if approved by the Commerce Commission, New Zealand's anti-trust regulatory body, and Wilson Neill shareholders, will see two leading companies, Lion Nathan and Magnum, dominating the liquor industry. Magnum controls Dominion Breweries and other outlets, including Liquorland and Robbie Burns, as well as wine companies Corbans and Cooks McWilliams. The

proposal, however, will leave a number of other independent retailers, including the Licensing Trust Movement.

The sale is expected to be approved by the Commerce Commission, as it will make Magnum roughly the same size as Lion Nathan, and in its view will not limit competition.

Wilson Neill yesterday announced a total profit of NZ\$80.2m for the year to March 31, down 16.5 per cent on last year. The slip came in spite of a 56.6 per cent rise in turnover to NZ\$413m, as a result of the purchase of the Tasmanian brewer Cascades in July last year.

Magnum also announced yesterday that it had sold the Wellington Parkroyal hotel to a foreign buyer for an undisclosed amount our Financial Staff adds.

The Wellington Parkroyal currently operates under contract management by Southern Pacific Hotel Corporation.

Brierley Investments has bought a further 5.1 per cent of the issued capital of Luxembourg-based banking and finance company European Pacific Investments, giving it 33.1 per cent of the company.

Brierley said it had bought 1.27m shares by both private treaty and on the market for a total of NZ\$4.88m. Prices ranged between NZ\$3.50 and NZ\$4.00 per share. EPI shares last traded on the New Zealand Stock Exchange at NZ\$3.50.

EPI was formed jointly by Bank of New Zealand, Capital Markets and Brierley in 1986.

### LVMH MOÛT HENNESSY LOUIS VUITTON

#### 1988 DIVIDEND UP 37.5%

The Annual Meeting of Shareholders held in Paris on June 9, 1989, under the Chairmanship of Mr. Frédéric Chandon de Briailles approved the financial statements for the year ended December 31, 1988. Consolidated net income for the year amounted to FF 2,005 million, an increase of 49% over 1987.

The shareholders approved a 1988 dividend of FF 44.00 per share, before "Avoir Fiscal" tax credit of FF 22.00 per share. The total 1988 dividend thus amounts to FF 66.00 representing a 37.5% increase over the 1987 level.

Taking into account the FF 12.00 interim dividend paid out on February 1, 1989, the balance of FF 54.00 will become payable on June 19, 1989.

U.S. \$125,000,000



A Momentum Company

#### Floating Rate Subordinated Capital Notes Due 1997

Interest Period 16th May 1989  
16th November 1989

Interest Amount per U.S. \$50,000 Note due 16th November 1989 U.S. \$2,388.88

Credit Suisse First Boston Limited Agent Bank

THE MINISTRY OF FINANCE OF THE KINGDOM OF THAILAND  
US\$300,000,000  
Floating Rate Notes due 2005

Notice is hereby given that for the interest period 20th June 1989 to 20th September 1989 the interest rate has been fixed at 9.5%. Interest payable on 20th December 1989 will amount to US\$482.52 per US\$10,000 Note and US\$12,072.52 per US\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

COMALCO FINANCE LIMITED

US\$180,000,000

Guaranteed Floating Rate Notes due 1993

Notice is hereby given that for the interest period 20th June, 1989 to 20th September, 1989 the interest rate has been fixed at 9.5%. Interest payable on 20th September, 1989 will amount to US\$241.18 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

This announcement appears as a matter of record only.

### Olympia & York

#### Olympia & York Resources Credit Corp.

(An Indirect Wholly-owned Subsidiary of Olympia & York Developments Limited)

U.S.\$ 750,000,000 Tranche of a Total U.S.\$ 2,500,000,000 Loan Facility

Provided by

The Hongkong and Shanghai Banking Corporation

Singapore Branch

This announcement appears as a matter of record only.

### Olympia & York

#### Olympia & York Resources Credit Corp.

(An Indirect Wholly-owned Subsidiary of Olympia & York Developments Limited)

U.S.\$ 1,250,000,000 European Tranche of a Total U.S.\$ 2,500,000,000 Loan Facility

Arranged by

Commerzbank Aktiengesellschaft Crédit Lyonnais

Provided by

Lead Managers  
Commerzbank Aktiengesellschaft Crédit Lyonnais  
Swiss Bank Corporation  
Crédit Agricole

Senior Managers

Vereins- und Westbank International S.A.  
Algemene Bank Nederland N.V. Kansallis Banking Group  
Österreichische Länderbank Aktiengesellschaft  
Westpac Banking Corporation

Managers

Banque Nationale de Paris Banque Paribas  
CARIPLO Cassa di Risparmio delle Province Lombarde  
Crédit Suisse Generale Bank  
Union Bank of Finland Ltd.

Agent

Crédit Lyonnais

This announcement appears as a matter of record only.

### Olympia & York

#### Olympia & York Resources Credit Corp.

(An Indirect Wholly-owned Subsidiary of Olympia & York Developments Limited)

U.S.\$ 250,000,000 Tranche of a Total U.S.\$ 2,500,000,000 Loan Facility

Provided by

The Dai-ichi Kangyo Bank, Ltd.

This announcement appears as a matter of record only.

### Olympia & York

#### Olympia & York Resources Credit Corp.

(An Indirect Wholly-owned Subsidiary of Olympia & York Developments Limited)

U.S.\$ 250,000,000 Tranche of a Total U.S.\$ 2,500,000,000 Loan Facility

Provided by

The Royal Bank of Canada

Security Agent

Crédit Lyonnais Canada

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, June 19, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are linked.

Table with columns: COUNTRY, UNIT, US \$, D-MARK, Yen, and COUNTRY, UNIT, US \$, D-MARK, Yen. Lists exchange rates for various countries including Africa, Asia, Europe, and the Americas.

Special Drawing Rights June 16 1989 United Kingdom £1.24337 United States \$1.22939 Germany West D Mark 2.46431 Japan Yen 178.262 European Currency Unit Rates June 19 1989

Abbreviations: (A) Free rate; (B) Banknote rate; (C) Commercial rate; (D) Export rate; (E) Import rate; (F) Financial rate; (G) Export; (H) Import; (I) Business rate; (J) Business rate; (K) Business rate; (L) Business rate; (M) Business rate; (N) Business rate; (O) Business rate; (P) Business rate; (Q) Business rate; (R) Business rate; (S) Business rate; (T) Business rate; (U) Business rate; (V) Business rate; (W) Business rate; (X) Business rate; (Y) Business rate; (Z) Business rate.

INTERNATIONAL CAPITAL MARKETS

EC agrees Ecu weightings for peseta and escudo

By William Dawkins in Luxembourg

THE TERMS under which the Spanish peseta and Portuguese escudo will become part of the Ecu basket of European currencies were yesterday agreed by EC Finance Ministers.

THE NEW ECU WEIGHTINGS table showing New and Old percentages for various currencies like German mark, Dutch guilder, Belgian franc, etc.

It gives the peseta a 5.3 per cent weighting in the Ecu and the escudo 0.5 per cent, a combined 0.8 per cent. This will cause an initial shift in the relative weighting of most of the other currencies in the basket when the currency values for the new weightings are fixed in September.

The actual amounts represented by the percentages will be fixed according to the 12 currencies' individual rates against the Ecu at 14.15 Continental Europe time on September 20.

was to allow currency holders to cover their positions ahead of "not to create confusion or disruption on the financial markets," said Mr Henning Christophersen, European Commissioner for economic and monetary affairs. He predicted that the new weightings would raise Ecu bond rates by 0.5 percentage points.

Selling bout follows revision

By Norma Cohen and Andrew Freeman

ECU BOND prices dipped on the long-awaited announcement of the repositioning of the Ecu, although they recovered later in the day to close unchanged or slightly higher.

speculators sold positions yesterday, sending prices down by around 1/4 point, with long-dated bonds marked down by around 1/2 point.

for Ecu bond investors are likely to be in the 10-year area where recent bond prices have tended to overcompensate for the effects of the repositioning.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table listing international bonds with columns for Issuer, Maturity, Coupon, and Yield. Includes sections for US DOLLAR STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE, and BONDS.

TRADE INDEMNITY THE CREDIT RISK MANAGERS 01-739 4311 DOMESTIC CREDIT INSURANCE

Investments in Germany THE GERMAN ECONOMY - the largest in the New Europe - features corporations with an impressive degree of stability and resilience, continued leadership at the forefront of advanced technology, and an uncompromising commitment to product and service quality.

Business Opportunities Advertising Appears Every Tuesday & Saturday Please contact Gavin Bishop on 873 4780 For further details please write to Financial Times Number One Southwark Bridge London SE1 9HL

INTERNATIONAL CAPITAL MARKETS

Spanish bonds give peseta moves a warm reception

By Norma Cohen and Katharine Campbell in London and Janet Bush in New York

THE SPANISH bond market reacted warmly to news of the peseta's inclusion within the EMS and within the reconstructed Ecu, despite the implicit concern that the new status will require a weaker currency.

Dealers reported the initial market reaction to be one of extreme nervousness, with a single government bond - the benchmark 12 per cent bonds due 1992 - seen quoted on brokers' screens.

GOVERNMENT BONDS

the 12 per cent bonds closed with a yield of about 13.80 per cent, down 10 basis points from Friday's close. Dealers reported strong buying from non-Spanish accounts, particularly banks in Italy and in Scandinavia.

Dealers noted that the Bank of Spain kicked off its new status by selling unusually large amounts of pesetas for dollars and marks in the open market.

However, the effects of currency depreciation are offset by expectations that lower interest rates - needed to keep the currency within the new target bands - will offer investors capital gains on their bonds.

Money market rates, which had been trading at 14 to 14 1/4 per cent last week, fell to 13.70 per cent yesterday.

A RECORD monthly current account deficit in Australia last month left the domestic bond market relatively untroubled because it had been anticipated.

With the May shortfall at A\$1.83bn - almost entirely due to a 17 per cent month-on-month increase in imports - the bond market dipped briefly, but recovered later in a day of only sparse trading activity.

The September 10-year future dropped briefly to 86.20, closing at 86.27, 5 basis points weaker than Friday.

While a general election in nine months' time means that further tightening is an unpalatable option to the Australia...

UK GOVERNMENT bond prices rallied after opening weaker on a dismal showing for the ruling Tory party in European elections last weekend.

After opening as much as 1/2 point lower among longer issues, bond prices closed with very little change, albeit in very thin trade.

Dealers cited the persistent absence of stock as a factor supporting prices, although a rally in sterling during the day also underpinned the markets.

With very little retail activity of any sort, a handful of trades were able to have a disproportionate effect on prices overall.

WEST GERMAN government bond prices closed about 15 pips lower after a day of dull trading saved only by short-covering on the back of a rise in bund futures prices in London.

Dealers said the long-awaited repositioning of the Ecu had no discernible effect on prices, with the higher weightings largely in line with what analysts had anticipated.

There was also little reaction to Bundesbank president Mr Karl Otto Pöhl's decision yesterday to end the present queuing system for D-Mark denominated bonds and to shorten the minimum maturity for government bonds to two years from five years.

US TREASURY bonds continued to track movements in the dollar yesterday morning and registered modest losses at mid-session as the US currency slipped on fears of more central bank intervention.

At mid-session, the Treasury's benchmark long bond was quoted 1/2 point lower for a yield of 8.33 per cent. The dollar was quoted at Y144.80, about the middle of the long-run range, and at DM1.9750, towards the lower end of the day's trading range.

Trading started the week on a cautious note. After the dollar's plunge last Thursday on a mixture of profit-taking and higher central bank intervention, the US currency is no longer an unequivocally positive influence on the bond market.

Other factors are now likely to come into play. First, there is the prospect of new supply, with Treasury auctions of two-year and four-year notes scheduled next week.

Second, there are some important statistics this week, with the final first-quarter GNP revisions on Thursday and durable goods for May and personal income and consumption for May due for release on Friday.

BT chooses not to participate in the costly exercise of making good on the bond market, something that will add to rather than detract from the options subsidiary's force, he adds.

Specialising in derivatives rather than cash stocks has saved Bankers Trust International well in the new 15-month old Public Equity Group runs one of the more advanced - and profitable - warrants and customised options operations in London.

Another difference in the BT boutique is that the new firm intends to concentrate its energies on a relatively narrow selection of options.

New market maker for FTSE 100 index option

By Katharine Campbell

THE LONDON Traded Options Market this week gains another market-maker with ambitions to inject a new split of professionalism and competition into the cosy but under-utilised market.

BT Traded Options, a newly created offshoot of Bankers Trust International, shortly takes to the floor of LTOBM as a market-maker in the FTSE 100 index options as well as in stock options within the modish UK electrical sector.

The team is headed by Mr Alexander Haynes and will initially consist of two market-makers on the floor as well as a number of traders who will trade only for the Bankers' account.

As the first US bank to set up its own floor operation, BT hopes to wake up the market with its US-style options trading facilities. Openly critical both of how the exchange has been run and of the standards of brokerage and market-making on the floor, Mr Haynes believes the presence of firms such as his can help enliven the trading environment.

LTOBM is "grossly under-utilised," he says, because high brokerage fees and wide trading spreads make the market prohibitively expensive for institutional clients.

Until now the American firm O'Connor has been one of the few independent options market-makers among a close-knit "cozy cartel of old-style jobbers."

BT chooses not to participate in the costly exercise of making good on the bond market, something that will add to rather than detract from the options subsidiary's force, he adds.

Specialising in derivatives rather than cash stocks has saved Bankers Trust International well in the new 15-month old Public Equity Group runs one of the more advanced - and profitable - warrants and customised options operations in London.

Another difference in the BT boutique is that the new firm intends to concentrate its energies on a relatively narrow selection of options.

Germany relaxes Eurobond rules

By Haig Simonian in Frankfurt

THE WEST German Bundesbank is to further liberalise the D-Mark Eurobond market. From July 1, the minimum notification period for DM issues is to be abolished, while the minimum maturity for public issues is to come down to two years from five.

Together, the two moves should appreciably enliven the DM Eurobond market and stimulate interest in DM fixed-income securities at a time when foreign demand for some fixed-income DM paper has fallen sharply from earlier peaks.

The Bundesbank's decision may thus partly reflect recent concern that insensitiveness in German fiscal policy has damaged the appeal of the D-Mark to international investors, contributing to its loss of value against the dollar and exposing the economy to the risk of imported inflation.

In a speech at Frankfurt University yesterday, Mr Karl Otto Pöhl put the decision in purely capital markets terms, explaining the move as a "contribution to the attractiveness of Frankfurt as a financial centre."

Whatever the reasons, bank-ers were enthusiastic about the abolition of the notification period, which follows a gradual narrowing since the mid-1980s, when the period was first halved to two weeks and then further reduced to two days.

"If we have a great swap it means we can do the deal right now," said one excited syndicate manager. While the steady reduction in the notification period has certainly made

swap-driven DM Eurobond deals more feasible, the continuing need to inform the Bundesbank well ahead of a planned issue could still play havoc with the schedule.

Meanwhile, reducing the minimum maturity for public issues to two years should also stimulate both borrowers and investors. Although shorter maturities are available via private placements, which have three-year minimum maturities, the improved visibility of a public offering should further stimulate the market in shorter maturities.

The change will be particularly attractive for investment banks active in Japanese equity warrant deals. The five-year floor has severely constrained the attractions of issuing in D-Marks, as swap oppor-

tunities via the forex market are largely limited to four years. As a result, the number of Japanese warrant issues in D-Marks has been a relative trickle compared with the flood in some other currencies.

However, the cut in the minimum maturity may not receive an unreserved welcome from German banks, which have consistently argued that such a move should take place only if accompanied by the abolition of the country's stock exchange turnover tax.

The effect of the tax is most marked on short-maturity securities, triggering concern among some domestic bankers that the latest decision may only serve to encourage the general trend to trade German paper in London, where it can change hands tax free.

issued a SF125m convertible deal for Maxwell Finance, the first international convertible deal by the borrower. The coupon was indicated at 5 1/2 per cent, with an indicated conversion premium of 22 per cent.

The issue was trading at less than 1 1/2 bid, inside fees, although some banks, notably Credit Suisse and Union Bank of Switzerland, were reluctant to accept the indicated terms and said they would wait until final terms were set before committing themselves.

Elsewhere, Matador bonds responded to Spain's entry into the EMS with gains of around 1/2 point. Yesterday's business outstripped last week's total volume.

NTT fills issue vacuum with \$200m deal

By Andrew Freeman and Katharine Campbell

NEW-ISSUE activity was muted on the Eurobond market yesterday, with syndicate managers busy absorbing the Euro revision. A single dollar deal emerged, despite evidence of strong investor demand for paper of the right maturity.

Paribas Capital Markets was the lead manager of a \$200m 10-year issue for Nippon Telegraph & Telephone (NTT).

The long-dated Euro-starting sector was topped with a \$100m 25-year issue for D&O brought by BZW, which acted as sole lead manager. BZW advertised the deal as "quite adventurous," given the parlous recent condition of sterling and consequent unpredictability of the UK government bond market.

The bonds were priced at a spread of 175 basis points above the 9 per cent Treasury stock due 2008 and were placed at prices ranging between 97 1/2 and 97 3/4 as long gilts firmed slightly during the morning.

A mixed response was reported from the UK institutions at which the deal was principally aimed and, although BZW said the bulk of

the paper was sold within a matter of hours, there was talk of some resistance.

In Germany yesterday, prices were slightly easier in light trading. Deutsche Bank was the lead manager of a DM300m equity warrant issue for Ury, which was trading at 97 1/2 bid, outside fees, after an average reception.

Sumitomo Bank launched its first issue in Germany, a DM100m deal for Mizuno Finance, which traded inside fees at 100.45 bid.

In Switzerland, traders reported a shortage of quality paper in the straight maturity sector, amid underlying firm sentiment.

Swiss Bank Corporation

issued a SF125m convertible deal for Maxwell Finance, the first international convertible deal by the borrower. The coupon was indicated at 5 1/2 per cent, with an indicated conversion premium of 22 per cent.

The issue was trading at less than 1 1/2 bid, inside fees, although some banks, notably Credit Suisse and Union Bank of Switzerland, were reluctant to accept the indicated terms and said they would wait until final terms were set before committing themselves.

Elsewhere, Matador bonds responded to Spain's entry into the EMS with gains of around 1/2 point. Yesterday's business outstripped last week's total volume.

Swiss Bank Corporation

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Red Date, Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

LONDON MARKET STATISTICS

London closing, "quotes New York morning session. Yield: Local market standard. Prices US, UK in \$/ster. Rates in decimal. Technical Data/ATLAS Price Sources.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Monday June 19 1989, Fri 16, Thu 15, Wed 14, Year (approx). Rows include CAPITAL GOODS, Building Materials, Construction, Electrical, etc.

LONDON RECENT ISSUES

EQUITIES

Table with columns: Issue, Amount, Date, Price, Yield, etc. Rows include Anglo Corp, B&S, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Date, Price, Yield, etc. Rows include Anglo Corp, B&S, etc.

RIGHTS OFFERS

Table with columns: Issue, Amount, Date, Price, Yield, etc. Rows include Anglo Corp, B&S, etc.

LONDON TRADED OPTIONS

Table with columns: CALL, PUTS, etc. Rows include Anglo Corp, B&S, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Mon Jun 19, Day's change, etc. Rows include British Government, 5 Years, etc.

AVERAGE GOVERNMENT REDEMPTION YIELDS

Table with columns: British Government, 5 Years, etc. Rows include British Government, 5 Years, etc.

RISES AND FALLS YESTERDAY

Table with columns: Rises, Falls, Same. Rows include British Funds, Corporations, etc.

PROPERTY INVESTMENT & FINANCE

The Financial Times proposes to publish this survey on: 6th July 1989. For a full editorial synopsis and advertisement details, please contact: Joanna Dawson on 01-873 3269 or write to her at: Number One, Southwark Bridge London, SE1 9HL.

UK COMPANY NEWS



From pensive to ebullient and clearly relishing the task of repelling boarders - the changing face of James Sherwood yesterday.

Sea Containers chief claims his company was valued two years ago at \$2bn  
**Sherwood swats at the Stena/Tiphook takeover bid**

By Andrew Hill

MR JAMES Sherwood has the sort of immovable bulk to which nervous ferry passengers could safely lash themselves in a storm.

Standing on the bridge of his London headquarters yesterday, the president of Sea Containers was clearly impervious to the stock market squall unleashed by his comments over the weekend.

Mr Sherwood had suggested that his plans to rescue the Bermuda-registered group from a hostile Anglo-Swedish bid would realise between \$70 and \$100 a share for investors.

Yesterday, as Sea Containers shares climbed to more than \$73 in New York, he revealed that Lazard Frères, the group's merchant bank, valued the

company two years ago at about \$2bn.

That compares with the \$834m price tag attached to the company by Stena, the private Swedish ferry operator, and Tiphook, a quoted UK container rental group.

"I'm also determined that whoever buys the company, it won't be Stena or Tiphook," he added, claiming that the predators would dismiss middle management if they won their bid.

But Mr Sherwood's comments - transmitted through the pages of British newspapers rather than in official announcements - have confused the market.

Speculative investors in New York have been buying into

the company since Stena revealed an 8.3 per cent stake - now diluted to 7.1 per cent - two months ago.

Arbitrageurs hold about 15 per cent of Sea Containers and some have seen their holdings more than double in value.

But as one New York arb wondered yesterday: "We're all in the dark here - why should he (Sherwood) talk up the shares if he wants to mount a leveraged buy-out?"

Sea Containers, which owns Sealink British Ferries, is toying with three alternatives:

- a leveraged buy-out;
- a recapitalisation of the company;
- a "white knight" counter-bid.

Mr Sherwood said he had not

talked to potential counter-bidders yet, and that he would make a move "within a month".

He also seemed resolved to keep the helm of the company himself.

Recapitalisation of the group would involve selling the ordinary dry cargo containers business - which represents about 35 per cent of the group's 280,000 standard containers - and Sea Containers' peripheral operations.

These include the group's 11 container ships and the group's 42 per cent stake in Orient-Express Hotels, which runs the famous luxury train: "I would probably buy the Orient-Express stake myself," said Mr Sherwood yesterday.

Shareholders would retain their common shares, receiving a cash dividend for the disposals and convertible preference stock, quoted on the New York stock exchange.

Mr Sherwood has also been attacking at the opposition.

The current record of Stena's founder, Mr Sten A Olsson, could provide one plank of Sea Containers' defence. Mr Olsson, whose son now runs the company, was convicted 28 years ago for trading with the Eastern Bloc, thus bringing a Western embargo. He was later granted a pardon by the King of Sweden.

Sea Containers is lodging submissions with the UK's Department of Transport alleging that Stena is an unsuitable

buyer for Sealink, in which the Government has a "golden share".

More conventionally, Mr Sherwood has cast doubt on the financing of the deal. He claims that Scandinavian banks lending some \$310m to Stena think the private ferry company is already over-stretched.

A higher offer, said Mr Sherwood yesterday, would also push Tiphook's gearing to unreasonable levels.

Stena and Tiphook, meanwhile, are speechless in the face of the hall of allegations and valuations. They are unable to pursue their offer until a temporary restraining order in Washington DC is lifted.

**Holdings approve  
 Hopkinsons' sale  
 after EGM furore**

By Clare Pearson

THE BOARD of Hopkinsons Holdings, the Huddersfield-based valve manufacturer, withstood intense criticism from the floor at an extraordinary general meeting yesterday before approving to sell Hopkinsons Ltd, its core manufacturing unit, to Weir Group, the engineering company.

Representatives of a party management-backed consortium which had made a rival \$2.7m bid decided as a "travesty" the board's decision to favour Weir's offer, which totalled \$11.15m including the assumption of a \$2.7m overdraft.

But when a poll was taken on the resolution to sell the unit, votes in favour stood at 43.03m against a total number of shares of around 62m, while just 175,900 were voted against.

Mr Bruce Sanderson, a representative of the consortium members, drew "hear, hears" from some shareholders when he said after the sale they would be left with "A tiny rump organisation with the great Hopkinsons name reduced to being used by others under licence, a handful of small subsidiary companies and a cash injection of an unknown amount."

Mr Peter Frost, chairman, said: "What you have to understand is if we don't sell it to Weir, it closes down. There is not going to be another buyer

who will be able to give us a comparable return."

Although the consortium's bid for Hopkinsons Ltd appeared to be higher than Weir's, when it was first announced it had been lower than the "cut-off" point the board had pre-determined for consideration of offers. Mr Frost said. Since then, further information about the site had led the value of all the other offers to fall, he added.

The lengthy meeting in London marked the culmination of an acrimonious four-month battle during which the consortium has sought to convince shareholders that the board failed to act in their best interests in rejecting its offer.

The offer was made in February after Hopkinsons said it would close down the Huddersfield site with the loss of 900 jobs.

Hopkinsons said it could be raising about \$19m through the joint sale of the Huddersfield site, a South African subsidiary and the exercise by Weir of a twelve month option it had been granted over Hophold, a US operation.

Under the agreement with Weir, Hopkinsons Holdings will be entitled to receive 50 per cent of the net sale proceeds of the Huddersfield site over 7m.

If a sale occurs between 18 and 60 months after completion, the amount of \$7m is reduced to \$2.5m.

**BICC launches \$44m offer for Andover Controls**

By David Waller

BICC, the construction and cables group, yesterday announced its second tender offer for a US company within a month.

The company is offering \$44m (\$28.5m) for Andover Controls Corporation, a designer of electronic systems for so-called "intelligent" buildings.

The latest move comes just days after BICC completed the \$177m acquisition of BRIntec, a US cables company, it is significant in that it represents a step towards expanding BICC's

technology division, by far the smallest of BICC's three "legs" and subject to numerous ups and downs in recent years.

Andover, one of the three companies dominating the \$200m a year market for advanced electronic automation systems, made operating profits of \$3.6m in the year to June 1988, and an identical amount during the nine months to March 1989 (the comparable figure was \$2.7m). Net assets amount to \$8m.

Mr Robin Biggam, BICC

chief executive, said that the proposed acquisition was an important step towards creating a systems and electronics group complementary to the group's two fib-plus a year businesses in cables and construction via Balfour Beatty.

The Technologies division contributed \$2.7m to BICC's group operating profits of \$172.7m last year on turnover of \$1.66m compared to the group total of \$2.9m. On both counts, the division's performance was down on the previous year.

BICC's shares have outperformed the market significantly this year, partly because of the group's exposure to booming construction markets but more because of the perceived success of the group's strategy over recent years.

This has been to rationalise the cables business and to build market share all over the world via a sequence of acquisitions.

The Technology division was built up at the beginning of the 1980s as a means of diversifying away from stagnant condi-

tions in the core business. It suffered badly in 1988 due to exposure to the computer market, and again in the following year as markets in the Middle East turned down.

It has been reorganised, with disposals amounting to \$30m in 1988 alone, and is now focused on technology which has some link with cables and construction. A new management team came on board last summer.

The tender offer is pitched at \$16 per share; shareholders with 21 per cent of Andover have backed the deal.

**Guinness Mahon directors advise caution in accepting Yokohama stake**

By David Lascelles, Banking Editor

THE DIRECTORS of Guinness Mahon, the London merchant banking group, are advising shareholders that it might be to their advantage not to accept the agreed takeover offer by Bank of Yokohama.

At the end of last month, Bank of Yokohama agreed to buy a 61 per cent stake in Guinness Mahon from the bank creditors of Equiticoop. But under the Takeover Code, it must also make an offer at

the same price for the remaining shares.

In a circular to shareholders yesterday, Mr Geoffrey Bell, the chairman, says that the board and its advisers, J. Henry Schroder Wagg, believe the offer to be fair and reasonable.

But he says that the board considers that the Bank of Yokohama will be a strong shareholder for Guinness Mahon, and some shareholders may therefore prefer to retain a stake in the company. Alternatively, they might wish to tender only part of their share-

holding, he says.

Mr Bell reveals that both he and Lord Douro, the deputy chairman, intend to buy more shares in the market, and will not be tendering them to the Bank of Yokohama. This would give them an interest in retaining a public listing for the com-

pany. Bank of Yokohama itself has indicated to Guinness Mahon that it would be commercially advantageous for there to be a minority shareholding and for Guinness Mahon shares to continue to be publicly traded.

Mr Bell says he has discussed the offer with two of the main minority shareholders, Lord Kinnaird and Mr Robert Maxwell, but at this stage neither has disclosed whether he intends to accept it.

Bank of Yokohama, Japan's largest regional bank, is offering 146p a share in a deal valuing the group at \$94.6m. The Equiticoop stake became available after the New Zealand-based company went into voluntary liquidation earlier this year. Bank of Yokohama secured it in an auction on May 24.

**CONSOLIDATED RESULTS 1988**  
 (Million BF)

Sales	170.566	+ 21 %
Net profit	2.265	+ 19 %
Cash flow	6.068	+ 22 %

**1988 HIGHLIGHTS**

**In Belgium:**

- Recovery of Sarma-Nopri after the 1987 takeover
- Start of a major project to modernize D.I.Y. outlets
- Implementation of plans to modernize hyper and supermarkets
- Acquisition of a majority holding in Rab, a specialized food retailer
- Association with French, Dutch and German purchasing groups

**Abroad:**

- Increased holding in Scotty's in the U.S.A.
- Strengthening of position as market leader on the French market for fast-food restaurants, by purchasing Freetime, a chain of 45 hamburger restaurants
- Opening of 37 new D.I.Y. stores, including the first two in Spain
- Assuming control of the development of the Vétir textile chain in France

**GROWTH 1984-88**  
 The objective set in the five year plan 1984-89 to double profits has been achieved one year ahead of time

Sales	+ 38 %
Net profit	+ 123 %
Cash flow	+ 52 %

**A STRATEGY FOR THE FUTURE**  
 The results achieved to date will help the group to:

- Strengthen mass retailing and D.I.Y. in Belgium
- Develop franchising and D.I.Y. in Europe and the U.S.A.

The GIB GROUP is the number one retailing group of goods and services in Belgium. Its activities cover multiproduct mass retailing as well as speciality retailing, franchising, restaurants and services. Operating internationally in Europe and the U.S.A., the Group is particularly active in the field of D.I.Y.

SUPERGB - MAXIGB - ROGB - BRICOGB - AUTO5 - RESTOGB - INNO - GRAND BAZAR - SARMA LUX - SARMA NEW SHOP - SARMA STAR LUNCH GARDEN - NOPRI - FNAC - PEARLE VISION CENTER - CLUB - DISPORT - TRANSCONTINENTAL - PIZZAHUT - QUICK - MISTER GRILL UNIC - CHRISTIAENSEN - VETIR - HANDY ANDY - SCOTTY'S - CENTRAL HARDWARE - AKI - HOMEBASE - OBI - GBZAIRE

**Creighton Labs shares drop after warning**

By Clare Pearson

Shares in Creighton Laboratories, the US\$-quoted weapons beauty product manufacturer, plummeted 117p to 313p yesterday in reaction to a profits warning issued late on Friday night.

The warning related to the effects on results for the year to March 31 of a downturn in demand from a major customer in the US, understood to be Crabtree & Evelyn, the toiletries retailer.

Analysts' forecasts for pre-tax profits for the year just passed, which last week were expected to be the high estimate around £1.85m, were rapidly marked down to around last time's level of £1.26m.

Analysts expressed surprise yesterday that Creighton had waited until now, just weeks ahead of the big customer announcement next month, to warn of problems which had become apparent in the final quarter of last year.

Mr Richard Collard, chairman, said: "I took a calculated gamble, I wanted to find out what their commitment for the autumn would be before announcing anything. Their commitment is awful."

He said he did not know why orders from the big customer, which he declined to name, had fallen so much but they appeared to be over-stocked. "I'm certainly still their supplier," he said.

**Purchase helps European Colour double**

By David Lascelles, Banking Editor

European Colour, formerly Horace Cory, which increased substantially in size with the acquisition of Ellis Jones, reported doubled pre-tax profits of \$708,000 in the 15 months to the end of March 1989.

Turnover rose to \$15.98m (£10.64m) for the previous 12 months. Earnings per share were 2.07p (0.21p) and a final dividend of 0.75p is recommended for a total for the period of 1.15p (0.75p).

**Moorfield Ests. rises**

Moorfield Estates, the commercial and residential property developer which came to the USM in April last year, reported taxable profits up 53 per cent to \$256,000 for its seasonally unfavourable six months to April 30 1989. Turnover was \$3.1m (\$2.7m).

Earnings per 10p share came to 2.77p (1.99p), and there is a 1.2p maiden interim dividend.

**BOARD MEETINGS**

TODAY  
 Interim - Lowell (U.S.)  
 Phoenix - Bisco Leisure, Christie, Continuum  
 Sanderson, England (L), GEI, Kaseid, Marsh  
 Health Securities, Meyer Int, NSA, Osborne  
 & Little, Romano Security, Voles, Wallman,  
 Weller

FUTURE DATES  
 Interim - Bermuda Int Bond Fund - June 30  
 Dewhurst - July 20  
 General Cans Int Trust - July 14  
 Triton - June 21  
 Placid  
 Amber Industrial - June 28  
 Fletcher King - July 3  
 Fort Bellier Morris - June 27  
 Latham (Lisbon) - June 21  
 ICI International - June 27  
 Moorgate Int Trust - July 14  
 Perry & Giles - June 22  
 Penn & Jones - June 29  
 Scotts Restaurant - July 12  
 Sanderson - June 28

**U.S. \$165,000,000 Paritabrea Finance Corporation**

Guaranteed Floating Rate Bonds due 1998  
 Bondholders are advised that for the six months interest period from June 23, 1989 to December 20, 1989 the Bonds will carry an interest rate of 9 1/4% per annum. The amount payable on December 20, 1989 will be U.S. \$489.27 per U.S. \$10,000 principal amount.  
 By The Citicorp Investment Bank, N.A., London, Agent Bank  
 June 20, 1989

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for, nor purchase, any securities.

Permission has been granted by the Council of The Stock Exchange for admission of the 8.25p (net) Convertible Cumulative Redeemable Preference Shares of 10p each to the Official List.

Application has been made to the Council of The Stock Exchange for admission of the Subscription Warrants to the Official List on 11th July, 1989.

**WPP Group plc**  
 (Registered in England - No. 1003653)

Rights issue of  
 213,932,439 8.25p (net) Convertible Cumulative  
 Redeemable Preference Shares of 10p each  
 at 100p per share  
 and

Issue of up to 5,045,586 Subscription Warrants

Copies of the Listing Particulars relating to the issue of the above mentioned securities are available in the External Statistical Services and may be obtained during usual business hours up to and including 22nd June, 1989, from the Company Announcements Office at 46-60 Finsbury Square, London EC2A 1BD and during usual business hours on any weekday (Saturdays excepted) up to and including 3rd July, 1989 from WPP Group plc, 27 Farm Street, London W1X 6RD, and from:

Samuel Montagu & Co. Limited  
 10 Lower Thames Street  
 London EC3R 6AE

Panmure Gordon & Co. Limited  
 9 Moorfields Highwalk  
 London EC2Y 9DS

de Zoete & Bevan Limited  
 Ebbgate House, 2 Swan Lane  
 London EC4R 3TS

20th June, 1989

UK COMPANY NEWS

# Hunting companies agree to merge

By Philip Coggan

A THREE-WAY merger was agreed yesterday between Hunting Gibson, Hunting Associated Industries and Hunting Petroleum Services. It will create a group, simply called Hunting, with forecast pro forma pre-tax profits of £46.5m in 1989.

The three companies were already linked by a complex cross-shareholding structure, but the Hunting family, which will end up with 33.4 per cent of the combined group, and its advisers believe that the structure led to the individual companies being under-rated by the stock market.

"Our market rating was around eight when it should have been about 12," said Mr Richard Hunting, currently chairman of HAI. "The simplified structure, Mr Hunting believes, will increase the group's stock market profile and the shares' liquidity, and create a clear strategic focus."

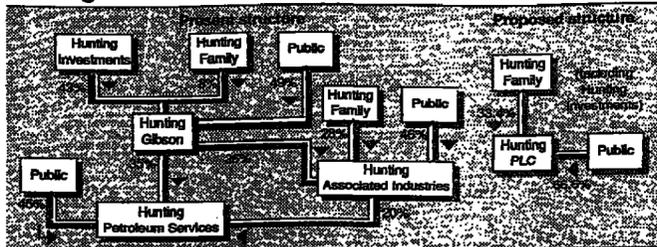
The merged group will be an industrial holding company with four main divisions: defence, aviation support, oil services and technical. Pro forma results for the divisions in 1988 split as follows: defence £18m profits on £248m of turnover; aviation support £5.5m profits on £120m; oil £9m profits on £214m; and technical £1.4m loss on £65m.

Over the past five years, the merged group's pro forma trading record shows an increase in pre-tax profits from £9.5m in 1984 to £34m in 1988.

The merger will end more than a century of majority ownership for the Hunting family which set up in the shipping business in 1874. "It was a psychological roadblock to overcome," admitted Mr Hunting. He said the Hunting family would seek to increase its stake to between 35 and 40 per cent via market purchases.

The private company floated off HAI in the mid-1960s and

## Hunting



then the shipping businesses were listed as Hunting Gibson in 1970. The slump in the shipping industry caused Hunting Gibson problems in the mid-1970s, in the course of which its oil interests, and those of HAI, were spun off into Hunting Petroleum. Hunting Gibson finally pulled out of ship ownership in 1983.

HAI is easily the largest of the three companies with interests in defence and engineering, aviation support and electronics. The defence business is involved in the JP233 runway bomb and the SWAARM (Smart Weapon Anti-Armour System). In 1988, the group made pre-tax profits of £26.5m and it is forecasting profits of £33.5m this year.

HAI has also agreed to buy Irvin Industries, a US manufacturer of airborne weapon retarders and parachutes, for \$45m (£29.8m) which made pre-tax profits of \$3.25m on turnover of \$63m in 1988 but its results were affected by production problems and losses on peripheral activities in Italy. Profits in 1987 were \$6.01m.

Hunting Petroleum Services is involved in crude oil carrying and specialised coating products. In 1988 it made pre-tax profits of £8.7m and it is

forecasting profits of £12.5m this year.

The main assets of Hunting Gibson are its 26.5 per cent stake in HAI and its 34 per cent in EPI. The company also is involved in shipbroking and has a 20 per cent stake in New England Properties. In 1988, it made pre-tax profits of £10.6m and it is forecasting profits of £13.5m this year.

The means by which the merger will be effected is via an offer by Hunting Gibson for the other two companies. The terms of the HAI offer are 1.7 ordinary shares in Hunting Gibson and one convertible convertible preference share for each HAI ordinary share. The convertible preference shares carry a dividend of 8.25 per cent and are convertible on the basis of 34 ordinary shares for every 100 preference shares.

The offer for Hunting Petroleum is 0.475 ordinary shares and 1.01 convertible preference shares for every ordinary share. Based on yesterday's closing prices, the offer values each HPS share at 235p, compared with the market price of 225p, up 15p.

The offer for HAI values each share at 561p, compared with the market price of 555p, up 87p. Hunting Gibson shares

rose 24p to 267p. In terms of market capitalisation, the offers value HAI at £188m and Hunting Petroleum at £46m.

The Hunting family stake of 27.6 per cent in HAI has been irrevocably committed to the offer, and together with the 27.6 per cent stake owned by Hunting Gibson, that means that 54.1 per cent of HAI's equity is pledged to the bid.

HAI owns 20.3 per cent of Hunting Petroleum and intends to accept the offer but it cannot receive new Hunting shares, since it would then hold shares in its parent company. Accordingly, it will sell the assented shares in the market. Together with the shares owned by Hunting Gibson, this means that 54.6 per cent of Hunting Petroleum's equity is set to be committed to the bid.

The new board will comprise Mr Clive Hunting (chairman), Mr Richard Hunting (deputy chairman), Mr Ken Miller (managing director), Mr Dennis Clark (finance director), Mr Brian Stairs (executive director), Sir Richard Trant (executive director), Mr Roy Treacher (non-executive director) and Mr Bob Bensly (non-executive director).

# ANI gives undertaking not to sell Aurora

By Ray Bashford

DIRECTORS OF Aurora have been given an assurance by Australian National Industries that it does not intend to dispose of the Sheffield-based engineering company.

Consolidated Press, controlled by Mr Kerry Packer and the holder of a 46 per cent stake in ANI, gave Aurora the undertaking last week.

Mr Packer took the holding in ANI earlier this year when Australia's biggest engineering company hit severe financial difficulties. ANI paid the equivalent of £138.1m for Aurora last December after a three month takeover fight.

Mr Andrew Wallis, Aurora's finance director, said Mr Max Sandow, ANI's new chairman, gave "an unequivocal assurance" to him Sydney last Tuesday that there was no plan to sell-off or break up

Directors of ANI will arrive in Britain soon to take a closer look at the operations of Aurora as part of an assessment of the Australian company's international operations following the takeover by Mr Packer.

Aurora is understood to have received a several inquiries about the purchase of part of the company when the extent of the difficulties facing ANI became apparent.

# Crest Nicholson advances 44% to £20.23m pre-tax

By John Ridding

CREST NICHOLSON, the building and property development group, overcame the effects of higher mortgage rates to achieve pre-tax profits of £20.23m for the six months to April 30, an increase of 44 per cent and ahead of market expectations.

Mr David Donne, chairman, described the results as "a good performance in what is a more uncertain trading environment". But he added that conditions had become more difficult since the beginning of April, with a downturn in consumer confidence and an increase in cancelled sales from 20 to 30 per cent.

Turnover increased from £115.51m to £143.82m and earnings per share rose in line with profits from 10.01p to 14.43p. There is an interim dividend of 3p (2.5p).

The company does not break down profits at the interim stage but all the group's principal businesses were said to have "improved their results significantly".

The residential housing division, which represents the bulk of group profits has been most seriously affected by the climate of higher mortgage rates. However, forward sales amount to about 500 units for the next four months and the company should achieve 1,500 units for the year as a whole - about the same as last year.

In addition, Mr Roger Lewis, chief executive, said that the company had successfully used marketing initiatives, effectively mortgage assistance, to buttress sales.

The commercial property division showed a strong improvement on the comparable period, reflecting the taking of profits on three industrial units.

Good progress was also experienced in the leisure and construction divisions, although the leisure businesses showed their customary first half losses.

To reduce the impact of higher interest rates, the group's current strategy involves the development of the two smaller divisions. For the year as a whole, the contribution of residential property is expected to decline from 70 per cent to 60 per cent.

Within the residential division there will be emphasis on smaller sites and on first time buyers.

Mr Lewis said that the group would use its strong balance sheet (currently geared at only 1 per cent) and the softer land market to expand its holdings. On current building rates, the company has land for 18 months.

**COMMENT**  
For Crest Nicholson, as for the rest of the sector, the question



Mr David Donne, chairman

"a good performance"

is not whether the Chancellor's tighter monetary policy will damage results but by how much. Crest, however, is one of the favourites to outperform its colleagues during the current difficulties and yesterday's numbers will do nothing to lengthen the odds. The company has not done everything right in protecting itself - a presence in the relatively buoyant north would have been an advantage - but it has been shrewd in other departments. Thus, gearing is effectively nil, emphasis has been placed on forward sales, the temptation to provide expensive land was resisted and there has been a useful diversification into commercial property. Consequently, the company is relatively well placed to endure the current constraints and to capitalise when the residential market turns. For the moment, a flat second half for residential property means that last year's second half spurt will not be repeated and that pre-tax profits will be held to about £42m. This places shares on a prospective multiple of about 6.5 - fair value given the longer term potential of its strategic land holdings.

## Lowndes Queensway

Lowndes Queensway has exchanged contracts with clients of Dawson Day for the sale and leaseback of 15 properties comprising Queensway and Carpendale outlets with a total of 380,000 sq ft. The gross consideration is about £18m.

## CPU profits dive 29%

CPU Computers, the USM-quoted peripheral equipment distributor, reported a 29 per cent downturn in pre-tax profits for 1988.

On turnover up 38 per cent to £47.01m (£34.08m), profits dipped from £1.21m to £864,000,

partly reflecting an increase in interest and similar charges to £449,000 (£90,000).

After tax of £117,000 (£572,000), earnings per 5p share were 4.33p (3.42p).

# South Green seeks relisting

By Vanessa Houlder

SOUTH GREEN Holdings, a former clock and furniture manufacturer, yesterday announced it would seek a relisting this summer, in a move that would end 4½ years of

suspension. The company, formerly Metamec's Jentique, said it intended to embark on an acquisition programme which would transform it into a

mini-conglomerate specialising in DIY products.

Metamec's shares were suspended in December 1984, just before the losses forced it into receivership. In 1985 it was sold to FKI Electricals and in September 1988 control of the company was returned to the management.

The shell currently consists of £200,000 and a plot of land at South Green, Norfolk, which is valued at about £500,000.

Mr Clive Faulkner, a former management consultant who joined the company in December 1983, will head the new company. He intends to relinquish his current position of managing director of Gibbs-Palmer, a private distributor of garden products.



Sir Timothy Bevan, announcing the annual results of BST, said yesterday that the international services group had had a "pretty good year".

# Hambros Encouraging performance

Profits and dividends up for the sixth year in succession

Earnings per share increased from 24.8p to 25.3p

Strong performance in Corporate Finance, Banking and Eurobonds

Banking companies' capital will be expanded by £81m following acquisition of Hambros Investment Trust

Hambro Guardian Assurance develops products and widens distribution channels

150th anniversary of foundation in London

## RESULTS FOR THE YEARS ENDED 31 MARCH

	1989	1988
Profit before tax and minorities	£70.2m	£69.4m
Profit after tax and minorities	£40.6m	£39.1m
Earnings per share	25.3p	24.8p
Total dividend per 20p ordinary share	10.0p	9.0p

The above extracts are taken from the statement by Charles Hambros, the Chairman, included in the annual report for the year ended 31 March 1989 which will be despatched to shareholders on 30 June 1989.

If you would like a copy of this report or the new corporate brochure, please write to: The Company Secretary, Hambros PLC, at our new address 41 Tower Hill, London EC3N 4HA.



# HAMBROS PLC

## SCAPA GROUP PLC

Results for 12 months ended 31 March 1989

- Earnings per share up to 29.3p
- Total dividend increased by 14.2% to 8.77p
- Pre-tax profit up by 9.8% to £39.2m
- Record level of capital expenditure

"There is across the Group world-wide a great confidence in our capability to continue to make good progress in each succeeding year, and to be among the leaders in our areas of business."

R W Goodall  
Chairman



Copies of the Annual Report and Accounts will be available after 20 June 1989 from the Company Secretary.

SCAPA GROUP PLC  
Oakfield House  
52 Preston New Road  
Blackburn, Lancashire BB2 6AH

# MINSTERGATE PLC

Formerly Acc. Belmont International plc

## SUMMARY OF THE INTERIM RESULTS For the Six Months Ended 28th February, 1989

Unaudited trading results	6 months ended 28th February 1989	6 months ended 28th February 1988
Sales to external customers	16,097	29,107
Group trading profit	1,824	1,770
Bank interest payable	( 18)	( 8)
Group trading profit before taxation	1,806	1,762
Estimated taxation	( 640)	( 638)
Group trading profit after taxation	1,166	1,124
Attributable to members of the Company	1,160	1,124
Preference dividend of 5p per share	(104)	(104)
Profit retained	1,056	1,020

### SUMMARY FROM THE REVIEW OF THE CHAIRMAN, MARTIN SHAW, LL.B.

Earnings per share at 50.29p (1988: 48.57p)

Results exclude ABI Caravans Limited which was sold in October 1988.

Turnover attributable to retained subsidiaries has increased by 61%.

Proceeds of sale of ABI will enhance the development of longer term objectives of financing smaller subsidiaries in growth areas and new opportunities particularly in the property and financial services field.

Group's cash position at six months was exceptionally strong and acquisitions were financed by cash generated by profits.

SWINEMOOR LANE  
BEVERLEY  
NORTH HUMBERSIDE HU17 0LJ  
TEL: 0482 870232 TELEFAX: 592622 FAX: 870358

## UK COMPANY NEWS

### Reduced dependence on large defence contracts

## ML beats estimates with £8.63m

By Clare Pearson

ML HOLDINGS, the aerospace, defence and electrical engineering group, surpassed City expectations with a 64 per cent increase in pre-tax profits in the year to end-March.

Earnings per 5p share rose 18 per cent to 11.3p (9.8p). The final dividend is lifted 25 per cent to 2.13p, making 2.85p (2.3p) for the year.

Mr Peter Pollock, chief executive, emphasised that ML was now much less dependent on large defence contracts than it had been in the past. He said last year's split of profits was 51 per cent for defence, with the balance divided evenly between aerospace and electronic component distribution.

Underlying growth was between 25 and 30 per cent. The acquisitions that contrib-

uted were Gothic Crellon, the components company bought in February last year, Slingsby Engineering purchased in May, Lifeguard Equipment bought in October, and Radiatron and Townsend Coates, two small electronic equipment distributors acquired early this year.

During the year ML Aviation, which makes airborne weapon carriage and release systems, obtained the contract to design and supply the weapon system for an export version of the Shorts Tucano training aircraft. This was its first as a prime contractor. Production of JP233 bomb dispensers, the core contract, is in the absence of further orders, expected to end in 1991.

All other aerospace and defence interests enjoyed a

buoyant year. The loss of two important franchises by Gothic Crellon was the only drawback in a year of strong growth on the components side.

Last week ML announced it had sold an option, exercisable up till June 1991, to EB Signal of Norway to buy for about \$5.8m its railway signalling subsidiary in Plymouth. In the meantime, EB has paid ML £750,000 to subscribe for shares in the subsidiary, and as a non-refundable deposit.

Turnover was £111.97m (£74.07m). Before interest charges of £1.07m (£486,000), trading profit was £9.63m (£5.75m).

### COMMENT

The long preparation for the end of JP233 by gradually replacing it with a number of

other, clearly defined businesses continues to go swimmingly at ML. These figures were accompanied by a particularly upbeat statement about current trading in the components distribution businesses, which eschew involvement in active components and which have been chiefly responsible for the near one percentage point rise in the trading margin in these figures. Though acquisitions have meant the balance sheet has deteriorated over the year, interest cover is still healthy at about nine times. Pre-tax profits this year should be about £10.5m, putting the shares, which have underperformed over the last year, on a prospective p/e of a little over 9.5. At a modest premium to their sector, they look fairly cheap.

## Cassidy Brothers advances to £581,444

CASSIDY BROTHERS, the Blackpool-based toy maker which joined the USM in January, increased pre-tax profits 29 per cent from £451,492 to £581,441 in the year to April 30.

Turnover rose from £3.96m to £4.43m, writes Edward Sussman. The company said it had diversified its product line and

expanded production capacity. Cassidy makes 50 miniature versions of brand-name appliances, such as vacuum cleaners and washing machines.

Mr Thomas Cassidy, chairman, said the company was upgrading its quality control system to achieve British Standards Institute certification,

with an eye toward using the certification to gain greater sales on the continent. About 13 per cent of Cassidy's revenue is from exports.

The tax charge was £216,750 (£178,266), leaving earnings per share at 8.75p (6.04p). There was an extraordinary debit of £214,046, relating to the costs of the USM quota.

Shares in the tightly traded company, with only 15 per cent of its share capital on the market, gained 2p to 58p. A dividend of 3.15p was announced.

Mr Cassidy, who founded the company in 1945 as a maker of egg timers and crucifixes, said three acquisitions are being considered, including a paper packaging manufacturer.

## Courtaulds expands US packaging side with £26m purchase

By Alice Rawsthorn

COURTAULDS, the international textiles and chemicals group, is expanding its packaging interests in the US by buying Wheeling Stamping for \$40.5m (£26.1m).

Wheeling Stamping, which is based in West Virginia, is composed of two companies. Thatcher Plastic Packaging produces plastic tubes, chiefly for use in pharmaceutical and personal care products. Knight Engineering makes aerosol over-caps.

When the acquisition is completed, the two businesses will become part of Courtaulds Packaging which is already involved in complementary areas of the tube and plastics markets in the UK and US through its Betts subsidiary.

Mr Sipko Huisman, group director responsible for chemical and industrial interests, said the acquisition would enable Courtaulds to develop a

tube business across both Europe and the US.

Courtaulds' films and packaging interests suffered a fall in operating profits from £20m to £27m - chiefly due to the continuing decline of Cellophane - in the year to March 31 on turnover which rose from £233m to £261m.

The group has expanded within films and packaging by making an acquisition in flexible packaging and by investing in rigid packaging and oriented polypropylene film.

Polypropylene recently reported a reduction in pre-tax profits from £221m to £197m on sales that increased from £2.4bn to £2.6bn in its last financial year. The group's difficulties were concentrated in textiles, which were hit by an increase in imports into the UK, and fibres, where demand for acrylic - the group's principal product - was depressed across Europe.

## Renold recovery lifts profits 85% to £7.2m

RENOLD, which makes power transmission products and machinery, continued its recovery and lifted profits before tax by 85 per cent from £3.9m to £7.2m in the year to April 1.

Mr John Allan, finance director, said that the profits rise, while pleasing, were far from satisfactory with margins continuing to be low. The profits were struck on turnover of £145.4m (£131.5m).

In the year to March 29 1988, the company made profits of £7.6m on turnover of £129.5m. However the following year profits fell sharply to £100,000 on turnover of £128.4m.

Mr Allan added that the new management team had finished the second year in its five-year recovery plan and that the results were a forward step on the road to acceptable levels of profitability.

Sales volumes, said the com-

pany, were up 6 per cent overall, benefiting from buoyant conditions in many of the company's markets. Chains, machine tools and rotors reported particularly strong growth.

The company said that emphasis had been placed on the management of assets. This, together with a reduction in inventories and the disposal of surplus properties had contributed to a reduction of £4.5m in borrowings, bringing gearing down to 22 (57 per cent).

Earnings advanced to 8.8p (3.5p) and the directors have recommended a final dividend of 2p (1p) for a total of 2.8p (1.5p) for the year, an increase of 87 per cent.

Current order books are up on last year's and, subject to any unforeseen events, the company expects a "worthwhile" increase in the current year.

### SHARE STAKES

Adwest: J Saville Gordon (Commodities) and JD Saville hold 3.33m shares (6.33 per cent).

Bulgin (AF): National Westminster Bank has disposed of 672,636 non-voting ordinary. Holding now 28.8 per cent of ordinary and 6.26 per cent of non-voting.

Camford Engineering: Marches Securities has acquired 50,000 ordinary, increasing holding to 5.23m (26.6 per cent).

Capital Radio: Radio Investments acquired 12,000 ordinary bringing holding to 1.89m (11.55 per cent).

Church & Co: Funds managed by Scottish Amicable Investment Managers sold 70,000 ordinary, cutting stake to 886,000 (8.78 per cent).

Clarkson (Flores): Framlington Group reduced holding to 1.84m ordinary shares (8.04 per cent) by selling 1.62m.

CML Microsystems: Henry John Gover sold 80,000 ordinary at 169.5p; holding now 1.1m (8.35 per cent).

Feltzin Mining: J Fitzsimons and D Kelly have acquired 499,000 shares representing 19.96 per cent of the issued share capital.

Flexello Castors: RM Menko,

director, has sold 10,000 ordinary and holds 245,000 (7.4 per cent).

Frost Group: Interests of discretionary clients of John Govelett reduced to 2.67m (18.89 per cent).

Jacks (William): Wyndham Group has sold 15,000 ordinary reducing its holding to 900,000 ordinary (8.51 per cent).

Parleyway Group: Klaus-Peter Beckmann purchased 400,000 at 25p each; holding now 3.47m (6.1 per cent).

Peel Holdings: Compotrol Establishment bought a further 100,000 ordinary and owns nearly 15.4m (20 per cent).

River and Mercantile American Capital: Water Authorities Superannuation Fund sold a further 500,000 capital shares, reducing holding to 23m (61.3 per cent).

Securiguard: Chemical Medical Investment reduced holding to 1.78m shares (9.35 per cent).

TR Energy: Henry Anstacher Ventures owns 4.56m shares (5.07 per cent).

Takare: Singer and Friedlander speaks for 2.89m shares, including 2.69m (22.013 per cent) owned by it.

## WHAT WOULD YOU DO WITH AN EXTRA HOUR IN PARIS?



Oh for the joys of the business day-trip to Paris in the summertime.

You get up before the milkman. Inch your way to the airport. Parking is purgatory.

And 'terminal' well-describes the feeling of queuing at check-ins, languishing in lounges, and marching for miles.

After which, your aircraft taxis so far for take-off you'd be forgiven for thinking you

were going by coach. But there's a better way.

A way that cuts at least an hour off the journey from the middle of London to Paris and back.

It's called London City Airport.

Only 6 miles from Central London, you'll arrive to find low priced, plentiful parking right on the doorstep.

There are no maddening crowds to contend

with, and checking-in takes mere moments.

Here, you can turn up, check-in and board all in 5 minutes, although most of our passengers give it a more leisurely 10.

Taxing out takes 2 minutes or less.

Then you're up and away on any of 13 daily flights to Paris.

London City works just as fast when you return. Touch down to taxi rank takes 5 minutes.

It all saves time for things like a coffee in a cafe or a stroll down the Seine.

You'll find the airport near the Thames at Newham. To get there, head for the Tower of London and follow the signs.

Try London City for your next trip. Of course, what you do with that extra hour is your business.

LONDON CITY AIRPORT

FOR RESERVATIONS TO PARIS, AMSTERDAM AND BRUSSELS CALL LONDON CITY AIRWAYS/SABENA 01-511 4200, BRYMON AIRWAYS/AIR FRANCE 01-476 5000, FLIGHT INFORMATION: 01-474 5555.

## BRADSTOCK GROUP PLC

Summary of unaudited half year results to 31st March 1989

	Half year to 31st March 1989	Half year to 31st March 1988
Turnover	7,718	7,723
Profit before tax	3,011	3,020
Earnings per share	7.2p	6.9p
Dividend per share	2.0p	1.5p

### PRINCIPAL TRADING SUBSIDIARIES

#### DIRECT INSURANCE BROKERS

Bradstock Hunt & Thompson Ltd	Lloyds Brokers	London
Bradstock Hunt (Northern) Ltd	Nottingham, Manchester & Cambridge	
Bradstock Hunt (Scotland) Ltd	Glasgow	
Bradstock Hunt (N.I.) Ltd	Belfast	
Professional Indemnity Insurance Brokers Ltd	London	
Bradstock Pearson Forbes Ltd	London	
Bradstock Hunt & Thompson (I. & F) Ltd	London	
Independent Financial Advisers	London	

#### REINSURANCE BROKERS

Bradstock Hunt & Crawley Ltd	Lloyds Brokers	London
Bradstock Byrnes & Partners Ltd	London	
Bradstock Chisfield Ltd	London	
Bradstock Curzon Ltd	London	
Bradstock Burdon & Watson Ltd	London	
Bradstock Incorporated	New York	

The Interim Report will be with shareholders on 5 July 1989, from which date copies will be available from:  
The Secretary, Bradstock Group PLC, 70 London Street, London EC3R 7JP.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0RD  
Tel: 01-828 7233/5699 An AFBD member Reuters Code: IGIN, IGIO

FT 30 FTSE 100 WALL STREET  
Jun. 1782/1791 +6 Jun. 2154/2164 +4 Jul. 2490/2502 -5  
Sep. 1821/1830 +8 Sep. 2202/2212 +7 Sep. 2507/2519 -8

Prices taken at 5pm and change 1s from previous close at 9pm

**UK COMPANY NEWS**

**Anxieties over the effectiveness of analysis**

**Philip Coggan on fund managers' dissatisfaction with the quality of equity research**

**P**HYSICIAN, heal (or rather analyse) thyself. UK equity researchers are due for a bout of navel-gazing. A recent survey found that one in four company directors thought the standard of research had deteriorated in the past year and many institutional fund managers say they are not satisfied with the service they are receiving.

"Fund managers all claim that they're not getting what they truly want, a thorough understanding of the company and its competitors, and a thorough understanding of the factors that affect them," says Mr Russell Leiman, chief executive of Cl-Alexanders Leasing & Crucik-shank's Institutional equity division.

Some analysts have already lost jobs when financial services groups have pulled out of market-making. And given the cost of maintaining research teams, a substantial shake-out of analysts is inevitable. In the US, a Nelson Publications survey revealed that the number of analysts fell by 12 per cent last year.

Equity market analysis has been a growth industry since the 1960s when valuation measures such as price/earnings ratios first became fashionable. When the City geared up for Big Bang, it was assumed that any broker or securities house worth its salt needed a fully-staffed research team.

The result has been quantity not quality. Many houses have persisted in providing across-the-board analytical services despite the fact that much of their research material remains ignored.

"Just take one broker's research output for a month," says Mr Barry Ailing, managing director of SBC stockbroking, "and a fund manager would have difficulty in reading it."

Some deterioration in the quality of research may be explained by the pressures on individual analysts, particularly those working for houses with market-making positions.

Profits can be boosted by an analyst who makes the right stock selection, and losses can be created by an analyst who puts out a sell recommendation on a stock which the market-makers have accumulated.

The investment institutions are only too aware of the new pressures on analysts and are quick to suspect cases of "talking the book" - analysts buying a stock which is prominent in their firm's market-making portfolio.

"The quality of research has deteriorated," says Mr Graeme Knox of Scottish Amicable. "Some houses are clearly pushing their stock positions."

Adis Mr Neil Honeyburn at Robert Fleming Investment Management. "Sometimes you don't know whether the story or the line of stock came first."

"Talking the book" is not the only danger for analysts working for an integrated house. Trading volume, especially in the lucrative post-crash stock markets, is the lifeblood of securities groups and analysts are expected to play their part in generating business.

That encourages analysts to make frequent short-term recommendations, which will prompt buying and selling of stock. "People are focusing more and more on short-term ideas rather than being allowed to take a long-term view," believes Mr Peter Scott of Gartmore Fund Managers.

This short-term fixation creates a tendency to concentrate excessively on forthcoming results announcements. But, according to SBC's Mr Ailing: "Less and less value is being given by fund managers to ever more precise forecasts of upcoming interim figures."

**"Talking the book" is not the only danger for analysts working for an integrated house. Trading, especially in post-crash stock markets, is the lifeblood of securities groups. Analysts are expected to help in generating business.**

Often the only way an analyst can achieve a precise forecast of a result is to be guided by the finance director of the company concerned. Even then the forecast often turns out to be wrong because the company itself has either been over-optimistic or has erred on the side of caution. In any case, the process leads to a bunching of forecasts round the company's own estimate.

March 1989's Earnings Guide, which collects analysts' forecasts for corporate profits, shows that for 59 of the FT-SE 100 stocks, all of the profits estimates are within a narrow 10 per cent range. And for 40 Footsie stocks, a third or more of all analysts estimate exactly the same profits figure.

The need for forecasts that generate turnover has also caused analysts to concentrate on the larger "blue chip" stocks where money can be made. Coverage of smaller company stocks is often quickly dropped.

"Small company research is suffering quite severely," believes one leading market-maker and according to Mr Scott of Gartmore, "second-rate people cover small companies."

However, many fund managers would prefer improved small company analysis to yet another note on ICI from the 20th ranked analyst in the sector. At the moment, they have to fill the gaps by using their in-house analytical teams.

A further conflict of interest faces analysts covering companies which are corporate finance clients. "Too many analysts are simply mouthpieces for the companies they cover," says Fleming's Mr Honeyburn. But the analyst is in a difficult position. To sell recommendations is not likely to be appreciated by the corpo-

rate finance client. There is a long tradition that analysts who are bearish on a client company's shares, put out a "bold" recommendation and trust that the institutions will get the message. Phone calls also allow analysts to adopt a negative tone about a client, without the glaring publicity of a written note.

"There's a lot of difference between what's said and what's written," admits one prominent analyst. Analysts are also used frequently as the standard-bearers for other departments. If a securities house is advising an acquisition-hungry conglomerate, the analysts may well be best placed to decide which companies are the most likely bid targets in the chosen sector.

Also, because analysts have access to company chairmen and finance directors, they may well be used by their bosses as the front men when pitching for corporate finance business. Such work obviously reduces the amount of time they can devote to pure research and blurs the distinction between analysts and other departments.

Short-term tipsters, financial services salesmen. Is there any way that analysts can return to doing pure analysis?

One obvious route is to become independent, providing research in an atmosphere free from the constraints of corporate finance and market-making. Mr Stephen Lewis, the gifts and economics analyst, has left Phillips & Drew to establish Fifth Horseman Publications, which offers clients a weekly review of the international bond and currency markets.

He believes that in five years almost every analyst will be independent. "Securities houses will be under extra financial pressure and they will have to sub-contract their services to reduce costs," he says.

Already, there are signs that others are following Lewis' lead. Mr Stuart Wamsley, a leading chemicals analyst, has left Morgan Stanley to offer an independent service.

But independent research groups may find the going hard. There is little tradition in the UK of institutions paying separately for research.

Wood Mackenzie's oil services, which does charge, has been the exception rather than the rule. "In principle, independent analysts are welcome," says one fund manager, "but it will probably be difficult to get people to pay for research in hard cash."

Research boutiques will arrive later, rather than sooner," argues Scottish Amicable's Mr Knox.

The evidence of the New York Stock Exchange's May-day reforms in 1975 is that "boutiques" found it hard to compete with the research coverage provided by the larger firms.

However, the position is not entirely gloomy. There are other strategies which securities houses can follow, short of

hiving off their research teams. Most fund managers seem to agree that there are still top-rated analysts producing excellent research, which might allow securities groups to concentrate on their key people. SBC, for example, has decided to focus on six industrial sectors where it thinks it has market-making strength and it is trying to build up strong analytical teams in those sectors.

Another potential solution is to build up a reputation for analytical independence and hope that this will pay off in the long run. James Capel, for example, recently became bro-

king off their research teams. route is ultimately bound to be unrewarding, since short-term price movements are more susceptible to rumour than fundamental analysis. "For takeover tips we go to the sharp brokerage salesman rather than an analyst," says Gartmore's Mr Scott.

"When I first started in research, it was almost an academic subject," recalls Mr Peter Deighton, engineering analyst at County NatWest. "We used to do a lot of background work on the industry." A return to those bygone days might prove a successful strategy for some analytical teams, although fund managers used to criticise such reports as frequently too "woolly" to be of much use.

A few highly-rated analysts will undoubtedly prosper by providing long-term research - whether independently or within brokerage houses. But perhaps the right place for most analysts is not inside the big securities houses.

ker to Blue Arrow, the employment group, despite the fact that its analysts had marked it as a "sell" for a long period and were at the lowest end of the range of profits forecasts for 1988/89.

Capel is the only large house that has refrained from involvement in market-making and it has consistently been voted top of polls on research quality. Nevertheless, that excellence does not necessarily flow through into profit; Capel lost £22m last year.

Taking a longer-term, detached view may also profit the analyst. The short-term

After New York's "Big Bang" in 1975, the number of buy side analysts increased by 11 per cent over the following three years, while the number of sell side analysts fell by 20 per cent.

Perhaps fund managers will never be satisfied with the research they receive. They want independent, in-depth and consistently accurate research, but they do not want to pay for it. But given their dissatisfaction, changes in the current system appear inevitable.

During the year, manufacturing operations contributed £208,000 to the pre-tax total, against £25,000 in the previous 12 months.

Tax took £241,000 (£478,000), leaving earnings per 5p share of 1.29p (2.89p). A recommended final dividend of 0.5p makes 0.79p (0.5p) for the year.

**Hobson profits cut to £708,000**

**AS FORECAST** in March, taxable profits of Hobson, the acquisitive USM-quoted exporting, commodity trading and aluminium fabrication group, showed a sharp downturn in the year to the end of March

1989. On turnover of £17.47m (£15.18m), profits almost halved to £708,000 (£1.4m), after an exceptional charge of £36,000 relating to the early termination of the service contract of finance director Mr Stephen Poole.

Directors said that the anticipated decline in African trade had a significant impact on the latter part of the year, although this was mitigated by

the increasing contribution from Hobson's UK manufacturing base.

During the year, manufacturing operations contributed £208,000 to the pre-tax total, against £25,000 in the previous 12 months.

Tax took £241,000 (£478,000), leaving earnings per 5p share of 1.29p (2.89p). A recommended final dividend of 0.5p makes 0.79p (0.5p) for the year.

**Ryan Hotels up at I£0.36m**

**RYAN HOTELS** has announced a pre-tax profit of I£365,000 for the half year to April 27 1989, an improvement of £227,000 on the same period last year, when the group reported a loss of I£169,000.

The Dublin-based hotel chain also achieved an increase in turnover, up from £5.91m to £7.78m.

tion came from Le Belson Hotel in Brussels as well as the Irish hotels. The company is expecting strong growth in profitability for the year as a whole as demand is strong in both home and overseas markets.

The directors have declared an interim dividend of 0.5p net per ordinary share, the same as last year.

**News International plc**  
US\$150,000,000  
8 1/4 % bonds due 1991  
Convertible into  
US\$150,000,000  
guaranteed floating  
rate notes due 1991

For the period from June 20, 1989 to September 20, 1989 the notes will carry an interest rate of 8 1/4 % per annum with an interest amount of US\$10,000,000 247.57 per US\$10,000 note.

The relevant interest payment date will be September 20, 1989

Banque Paribas Luxembourg Agent Bank

**Taiwan Power Company**  
(Incorporated with limited liability in Taiwan, Republic of China)  
US\$100,000,000  
Floating Rate Notes Due 1992

Holders of Floating Rate Notes of the above issue are hereby notified that for the next interest period from June 20, 1989 to December 20, 1989 the following information is relevant:

1. Applicable interest rate: 9.625 per annum
2. Interest payable on next interest payment date: US\$480.27 per US\$10,000.00 nominal or US\$12,231.77 per US\$250,000.00 nominal
3. Next interest payment date: December 20, 1989

Reference Agent  
BA Asia Limited  
June 20, 1989.

**NOTICE OF INTEREST RATE**

To the Holders of International Bank for Reconstruction and Development

Undated U.S. Dollar Floating Rate Notes of 1989

In accordance with the provisions of the Notes, notice is hereby given that the above Notes will bear interest for the period from June 15, 1989 to and including September 14, 1989 at a rate per annum of 8.501% payable on September 15, 1989 in the amount of \$22,46 in respect of each \$10,000 principal amount of Notes and \$5,561.48 in respect of each \$250,000 principal amount of Notes.

MORGAN GUARANTY TRUST COMPANY of New York, Fiscal Agent  
Dated: June 20, 1989

**General Mining Union Corporation Limited**

(Incorporated in the Republic of South Africa)  
(Registration number 01/0132/06)  
("Gencor")

**TERMS OF THE RIGHTS OFFER**

Further to the press announcement of Monday, 29 May 1989 concerning the proposed rights offer by Gencor and the last day to register to participate in the proposed rights offer, Central Merchant Bank Limited is authorised to announce, subject to the conditions set out hereunder:

The Gencor will raise approximately R1,470 million by way of a rights offer of 19,602,932 new ordinary shares of 40 cents each at 7,500 cents per share to the holders of:

- ordinary shares of 40 cents each ("ordinary shares");
- 8.5% variable compulsorily convertible cumulative preference shares of 40 cents each ("convertible preference shares"); and
- 12.5% unsecured subordinated compulsorily convertible debentures of R27 each ("convertible debentures"),

registered as such at the close of business on Friday, 23 June 1989, on the basis of 20 new ordinary shares for every 100 ordinary shares or 100 convertible preference shares or 100 convertible debentures held in Gencor at that date.

The new ordinary shares issued in terms of the Gencor rights offer will not participate in the final dividend in respect of the year ending 31 August 1989. Details of such final dividends will be announced in the press by the 23 June 1989.

The rights offer is subject to:

- (a) the ordinary shareholders of Gencor approving at a general meeting to be held today, the-
  - special resolutions converting the issued and unissued authorised "S" ordinary shares into ordinary shares in the share capital of Gencor thereby providing sufficient authority but unissued ordinary shares to implement the rights offer; and
  - the ordinary resolution placing certain of the ordinary shares in the share capital of Gencor under the control of the directors.
- (b) The Johannesburg Stock Exchange ("the JSE") granting a listing of the reasonable (all paid) letter of allocation and the new ordinary shares in Gencor to be issued in terms of its rights offer; and
- (c) The Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the ISE") granting admission to the Official List of the new ordinary shares in Gencor to be issued in terms of its rights offer.

Federale Mybouw Beperk (Fobyns) and its wholly owned subsidiaries, the controlling shareholders of Gencor, have undertaken to follow its rights entitlement to 10,725,682 new ordinary shares of 40 cents each at 7,500 cents per share (approximately R804 million) pursuant to Gencor's rights offer. Fobyns will underwrite the balance of Gencor's rights offer.

The rights offer circular, which will include the reasonable (all paid) letter of allocation, will be subject to the rules and requirements of the JSE and ISE and will be sent to the relevant shareholders and debentureholders of Gencor on Friday, 30 June 1989.

**PROPOSED SUB-DIVISION OF PERMANENT CAPITAL UNITS**

Following the request of certain shareholders and debentureholders the sub-division of shares was considered and consequently:

The directors of Gencor have proposed that each of the issued and unissued ordinary shares of 40 cents each, 8.5% variable compulsorily convertible cumulative preference shares of 40 cents each and 12.5% unsecured subordinated compulsorily convertible debentures of R27 each be sub-divided into 10 ordinary shares of 4 cents each, 10 convertible preference shares of 4 cents each, and 10 convertible debentures of 270 cents each.

Shareholders and debentureholders of Gencor will be advised of the effective date of the sub-division, which date will be after the close of the rights offer, at the appropriate time through the medium of the press. Circulars concerning the sub-division are in the process of preparation and will be mailed to shareholders and debentureholders in due course.

Johannesburg, 19 June 1989

Merchant Bank

**Senbank**  
Central Merchant Bank Limited  
(Incorporated in South Africa)  
(Registered bank)

Sponsoring Brokers  
Republic of South Africa  
MARTIN & CO. INC.  
DAVIS BOKRING HARRIS & CO. INC.  
ED. HERN, RUDOLPH INC.  
IVOR JONES, ROY & CO. INC.  
(Incorporated in the United States of America)  
JAMES CAPEL & CO.

**What on earth are you doing here?**

**I'll tell you if you don't bite me**

**POWELL DUFFRYN**  
One of Britain's most interesting industrial groups.

For copies of our recently published Group brochure, and our current Report & Accounts, please write to Douglas Sturmont, Powell Duffryn plc, Powell Duffryn House, London Road, Bracknell, Berkshire RG12 2AQ, or telephone 0344 63101.

"Well, all right. I won't"

"OK, then. Basically, I'm here to tell people about Strategic Systems International, the Powell Duffryn company which supplies software to Plessey, British Telecom and the like."

"Well, fancy that! I'm here because Hamworthy Engineering - another Powell Duffryn company - made my hydraulics. Just like they make the transmission systems for many other heavy-weight earth-moving vehicles."

"That's not all Powell Duffryn does, you know. They produce concrete bricks by the million, precision castings by the thousand, hundreds and hundreds of pumps and compressors, and clever small wheel bogies designed for tomorrow's railway rolling stock"

"Other parts of the Group are involved in shipping and limestone quarrying you know."

"And Powell Duffryn run one of the world's largest chemical storage concerns"

"To say nothing of their involvement in petroleum products, through a network of UK filling stations"

"There's a great deal more we could say about Powell Duffryn, it seems"

"Yes. But I think we're running out of space."

"You're right. But we can just mention the fact that part of the Group provides specialist heating, ventilating, air conditioning, electrical and fire protection services. And that there's a brand new brochure you can send for"

"Which won't cost the earth. In fact, it's free!"

This notice is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities. Except pursuant to an exemption under the United States securities laws, the securities mentioned below may not be offered, sold, renounced or delivered, directly or indirectly, in the United States or to United States persons.



(Incorporated in England with registered number 1580263)

Rights issue of 57,643,311 units of Convertible Unsecured Loan Stock 1990 of 420p each automatically converted at 420p per share into new ordinary shares of 10p each

The Council of The Stock Exchange has granted permission for the above mentioned securities to be admitted to the Official List. Listing particulars relating to Tiphook plc are contained in the new issue cards circulated by the statistical service maintained by Xtel Financial Limited and may be obtained, during normal business hours on any weekday (except Saturdays and bank holidays), up to and including 22nd June, 1989 from the Company Announcements Office, The Stock Exchange, 46-50, Finsbury Square, London EC2A 1DD. Copies of the listing particulars will also be available for collection up to and including 4th July, 1989 from:

Tiphook plc,  
Friary Court,  
65, Crutched Friars,  
London EC3N 2NP

Morgan Grenfell & Co. Limited,  
23, Great Winchester Street,  
London EC2P 2AX

Rowe & Pitman Ltd.,  
1, Finsbury Avenue,  
London EC2M 2PA

20th June, 1989

Kilcat & Aitken,  
71, Queen Victoria Street,  
London EC4V 4DE

## UK COMPANY NEWS

### Erskine House rises 63% boosted by acquisitions

By Andrew Hill

ERSKINE HOUSE Group, the facsimile and photocopier machines distributor, increased 1988-89 pre-tax profits by 63 per cent to £15.1m, helped by acquisitions in the year to March 31 worth more than £90m.

Mr Brian McGillivray, chairman, said profits at existing businesses had grown about 20 per cent. In 1987-88, Erskine made £9.24m before tax. Turnover was up from £108m to £166m and fully-diluted earnings per share rose to 22.8p (19.3p). A final dividend of 4.35p is recommended, making 8.25p (5.2p) for the year.

Mr McGillivray said there might be some small acquisitions during 1989-90, but the group was unlikely to issue any more shares in the current economic climate.

"Right now we are going to concentrate on getting better results out of the operations we have got - but there is still a list of acquisition prospects, and considerable opportunity to consolidate further in the

industry," he said.

More energy was being devoted to developing national accounts - it already supplies Halifax Building Society with copiers nationwide - and improving margins from 9 per cent to a target of about 15 per cent.

In the longer term, he said the group would look to expand into new areas in the US, including Chicago and New York. Erskine would also add to its West German operations, bought last year.

In 1988-89, US profits grew from £2.2m to £5.47m before tax on turnover of £86.67m (£26.04m), and European profits increased to £9.63m (£6.01m) on turnover higher at £99.44m, against £66.54m.

The company made an extraordinary profit of £1.6m (£370,000) on the sale of its pest control activities. Since the year-end Erskine has sold its fire security systems subsidiary, and will now focus on the fax and copier leasing and distribution business.

#### COMMENT

Erskine House looks like giving followers a chance to catch their breath in 1989-90. The group has moved comparatively quietly into the new financial year and will probably grow organically rather than by acquisition. Perhaps the only excitement in prospect is the sale of Quest's Soviet Union business, which could pep up the shares in the short-term. The possibility of higher interest rates worries some observers, concerned that businesses may stop buying expensive new photocopiers, but if the worst comes to the worst Erskine's operations are shored up by the service side, which contributes about 60 per cent of profits. These results were roughly in line with expectations and the shares rose 63 per cent to 216p, having slipped back from a high of 242p last month. They look solid on a prospective multiple of about 8, with analysts forecasting about £21m or £22m before tax this year.

### Reject Shop rises 33% but warns of 'dismal' first half

By Vanessa Houlder

THE REJECT Shop, the household goods retailer which joined the USM last June, yesterday announced a 33 per cent rise in pre-tax profits from £1.1m to £1.46m for the year to March 19.

Mr Anthony Hawser, joint managing director, warned that the group expected a "particularly dismal" first half, which would see a downturn in profits. Trading so far has been weak, due to the effects of high interest rates exacerbated by hot weather and underground strikes.

High interest rates had a particularly adverse effect on furniture sales, through the combined effects of depressing consumer spending and reducing house purchases, he said.

Last December, the company also gave a warning that its second half results would be affected by the consumer squeeze. In the event, trading was "reasonably good" over the Christmas period and second half profits advanced 18 per cent to £1.33m (£1.1m).

Mr Hawser said that, given the uncertainty, the company was confident that it could be among the better performers. It had prepared for tough trading conditions by maintaining a conservative stock position and had been able to extract improved terms from suppliers, he said. Aggressive pricing and promotions had enabled the group to increase sales in certain areas, such as upholstery.

Turnover increased 26 per cent to £16.26m (£13.02m). Interest received amounted to £73,000, compared with charges of £62,000 last year. During the year stores were opened in Croydon and Guildford. The scheduled opening of its sixteenth store at Whiteleys, Bayswater, has been postponed from May to the end of July as a result of problems experienced by the developers in meeting fire regulations. The company said that contracts should shortly be exchanged on another major store and other similar units were in course of negotiation.



Anthony Hawser: furniture sales hit by interest rates.

£73,000, compared with charges of £62,000 last year.

The Reject Shop was set up in 1973 to sell "seconds" - goods having tiny defects - at substantial discounts but it has switched to selling "firsts", although it still appeals to price-conscious customers. Earnings per share increased 20 per cent to 3.15p (7.63p). A final dividend of 2.1p is recommended, for a total of 5.25p as indicated at the time of the flotation.

### Sterling Publishing rises 69%

STERLING PUBLISHING Group, the USM-quoted leisure and technical publisher, reported a 69 per cent increase in pre-tax profits for the year to March 31.

On turnover up 44 per cent to £17.64m the taxable result was £2.91m (£1.72m). Mr Ronald Cohen, chairman, said the increase was due to a number of factors. Savings had been made through the use of overseas printing and despatch; a further 12 independent titles had been introduced and the publishing of less profit-

able titles had been dropped; and there had been further increases in average page rates.

The reference book side performed outstandingly, said the company, with confirmed orders to March 31 up 46 per cent on last time. Turnover of £10.68m to £15.61m. Slimmer magazine and Debut's Peasage, both acquired in the period as part of that strategy, made no material contribution to profits, although the company said the longer-term pro-

spects for Debut's were very promising. Corvill Publications, acquired in November 1987, had an excellent year. Mr Cohen said, contributing £1.14m in pre-tax profits. Reactions Group had recovered well after the 1987 crash, though the year-end result was disappointing. Earnings were up to 10.25p (7.34p) per share and, in line with that increase, the directors have proposed lifting the dividend from 3.5p to 4.5p.

### TR Technology ahead

TR TECHNOLOGY achieved a 26.7 per cent increase in total pre-tax profits for the period May 6 1988 to April 30 1989, a performance ahead of other ATTC Technology Trusts, which showed an average increase of 0.5 per cent over the year.

On April 30, the net asset value attributable to the three classes of share capital was: zero dividend preference

shares 112.1p; stepped preference shares 151.7p. All three classes were valued at 100.0p on May 6 1988.

The directors have declared a dividend of 2.5p on the stepped preference share and recommended 1.5p on the ordinary shares, 7 per cent ahead of the forecast at the time of capital reconstruction in May last year.

### Hewetson more than doubles to £1.82m in year

Hewetson, the USM-quoted manufacturer, supplier and installer of raised access and hardwood floors, reported pre-tax profits more than doubled from £779,000 to £1.82m for the year to March 31.

The directors said that Bennett Windows had increased its turnover and profit and was increasing its market penetration. Steps were currently being taken to acquire additional production and storage space, so as to increase manufacturing capacity.

The results show that margins have improved from 6.42 to 8.46 per cent. Turnover was £24.72m (£14.05m) while the operating profit had risen from £251,000 to £2,052,000. Interest paid was £271,000 (£153,000) and tax took £241,000 (£275,000) leaving earnings at £1,540,000 (£1,507,000) or 12.51p (£7,907p) per share. The dividend goes up from 3p to 3.25p with a proposed final of 2.5p (2p).

### World of Leather in £4m deal

World of Leather, the retailer of upholstered leather furniture, has conditionally agreed to buy seven leasehold premises, and certain other related assets from Lockton Bethall Stores, for a total of £4.25m cash.

The purchase, which will increase the company's retail outlets to 31, will be financed through a £3.5m bank loan facility. The directors said that the purchase of the premises, valued at £750,000, will be funded from the company's cash resources.

Mr Ramon Beaudouin, World of Leather's chairman, said the acquisition represented a strategic step in the company's development, and would further strengthen and expand the company's leadership in the specialist leather furniture retailing market.

In 1988 World of Leather reported pre-tax profits of £2.08m (£750,000) on turnover of £23.34m.

### MTS family saga continues

By Edward Sussman

THE FAMILY saga at Meat Trade Suppliers, which provides sausage casing and butchers' sundries such as knives and wrapping paper, will continue at least until July 7.

A packed extraordinary general meeting on Friday in a cramped top-floor office in the heart of Smithfield agreed to defer until then the proposed removal of a director, of approximately 88-year-old founder, Mr William Anstie.

Mr Campbell Allan chaired the meeting on behalf of his wife, Mrs Samantha Allan, who

is also Mr Anstie's daughter. She replaced her father as chairman in November.

The Allan camp, backed by M&G, Britain's biggest unit trust group and a 16.5 per cent shareholder in MTS, has indicated that it supports the development of company-controlled properties, in particular, the sausage casing factory. Mr Anstie has opposed this.

Mr Richard Hughes, an M&G representative who seconded Mr Allan's motion to delay the vote on removal, said afterwards that his group was prepared to wait three weeks to reach an amicable settlement with Mr Anstie - most likely his resignation instead of removal. But should an agreement not be reached: "We've made our position clear," he said.

What remains unclear is the status of an 18 per cent block

of shares held in a trust for the Anstie grandchildren. Trustees include Mrs Allan and her father. Neither camp would comment on legal wrangling over the trust, but the right to vote the shares, if the trust can be voted for the Anstie faction, it is not certain if the Allan camp has sufficient support to outvote Mr Anstie and his three other children.

For a full report on the dispute during the shareholders' meeting that he was pressing to resolve the dispute without a vote. "It's in the better interest of the company," he said. But amicable relationships may prove easier to talk about than to enact - the sole dissenting vote to the motion for a three-week delay came from Mr Anstie, who then promptly retreated to a closed office to discuss strategy with his attorneys and other children.

#### COMPANY NOTICES

**HERON INTERNATIONAL FINANCE B.V.**  
Issue of up to US\$150,000,000 Guaranteed Floating Rate Notes due 1992

NOTICE IS HEREBY GIVEN that for the interest period commencing on 21st June 1989 the US dollar notes will bear interest at the rate of 3 1/2% per annum. The interest payable on 21st September 1989 against coupon No. 6 will be US\$49,244,792 per US\$1,000 nominal.

Fiscal Agent  
ORION ROYAL BANK LIMITED

**DIMOSIA EPHIRISIS ELEKTRISMOU (Public Power Corporation) ECU Determinated Floating Rate Notes due 1987**

NOTICE IS HEREBY GIVEN that for the interest period commencing on 21st June 1989 the notes will bear interest at the rate of 9 1/2% per annum. The interest payable on 21st September 1989 against coupon No. 12 will be ECU24,437,76 per ECU1,000 nominal.

Fiscal Agent  
ORION ROYAL BANK LIMITED

#### PROPERTY INVESTMENT & FINANCE

The Financial Times proposes to publish this survey on:

6th July 1989

For a full editorial synopsis and advertisement details, please contact:

James Davison  
on 01-873 3269  
or write to her at:  
Number One, Southbank Bridge  
London, SE1 9HL

**FINANCIAL TIMES**  
LONDON & BOSTON

**AMI AMI BONDHOLDERS**

**AMERICAN MEDICAL INTERNATIONAL N.V.**  
Holders of the Zero Coupon Guaranteed Bonds Due August 12, 2002 (CUSIP No. 027433 AD3)

**THE OFFER**  
American Medical International N.V. on behalf of its parent company American Medical International Inc. has announced an offer to purchase, under a Dutch auction procedure, its Zero Coupon Guaranteed Bonds due 2002 or, alternatively, to make a cash payment.

**VOTING**  
Under the proposal each bondholder who votes bonds in favour of certain amendments to the Indenture under which the bonds were issued, will have the following options:

- you may tender your bonds for purchase at a base price equal to 27% of the face amount - a premium of approximately 38% over the secreted value.
- you may tender your bonds for purchase at a higher price determined by yourself.
- you may request a cash payment without tendering your bonds at a base price of 74.73% of the face amount.
- you may request a cash payment at a higher price determined by yourself.

Bonds purchased or cash payments made will be in ascending order of prices requested by the holders, up to the amount necessary to ensure approval of the Indenture amendments. The Indenture amendments will delete the financial covenants applicable to the Bonds. Acceptance of any offer is conditional on approval of the Indenture amendments, and if the Indenture amendments are approved, all offers at the base price will be accepted.

Forms for voting and to make offers (the Information Statement and Proxy and Tender Form) are available from the following addresses:

**Liegey & Co.** (Financial Advisor to AMI)  
London 36-38 Fenchurch Str. London EC3M 3DQ  
New York 14 East 60th Str. Suite 303, New York New York 10022  
Tel: (London) 01-929 5252 Ext 2259 (New York) 212-688 4560

**Morgan Guaranty Trust Company of New York (Trustee)**  
London 1 Angel Court London EC2R 7AE  
New York 30 West Broadway New York New York 10015  
Tel: (London) 01-929 2300 Ext 3514 (New York) 212-406 5662

**THE OFFER WILL EXPIRE AT 10.00am LONDON TIME ON FRIDAY JUNE 23 1989**  
THE TIME AND DATE APPOINTED FOR THE BONDHOLDERS MEETING TO CONSIDER THE INDENTURE AMENDMENTS.

*\* Unless extended by the issuer.*

**OFFER CLOSING 10.00am FRIDAY JUNE 23 1989**

### Policy change at Melville

MELVILLE STREET Investments, the venture capital company managed by British Linen Fund Managers, a subsidiary of the British Linen Bank made investments totaling £23,000 in the year to April 30, a fall of some 7 per cent on the previous year.

Net assets per share at that date stood at 141p (138p). Mr George Philip, chairman, said the board had made a significant change in policy to place greater emphasis on providing finance for management buy-outs and the development of existing companies.

This was expected to prove more profitable than Melville's former concentration on high-tech start-up companies, he said, although investment in these areas would continue.

Pre-tax profits for the year amounted to £251,850 (£283,311), while earnings per share rose to 3.4p (2.8p). A proposed final dividend of 2.5p makes 3p (2p) for the year.

**CONSOLIDATED MURCHISON LIMITED**  
Incorporated in the Republic of South Africa

**DECLARATION OF FINAL DIVIDEND**

Final dividend No. 31 of 30 cents per share has been declared payable to holders of ordinary shares, registered in the books of the Company at the close of business on 14 July 1989. The dividend has been declared in the currency of the Republic of South Africa and payments from London will be made in United Kingdom currency. The date for determining the right of shareholders to receive the dividend will be converted into United Kingdom currency will be 24 July 1989 or such other date as set out in the conditions subject to which the dividend is paid. These conditions can be inspected at the registered office or office of the London Secretaries of the Company. Warrants in payment of the dividend will be posted on or about 11 August 1989. The transfer books and registers of members of the Company in Johannesburg and London will be closed from 16 July 1989 to 21 July 1989, both days inclusive.

By order of the board  
**ANGLOVAL LIMITED**  
Secretaries  
per: E.J. Thomas  
19 June 1989

Registered Office  
Anglo Transvaal Trustees Limited  
285 Fleet Street  
LONDON W1R 8BT

London Secretaries  
Anglo Transvaal Trustees Limited  
285 Fleet Street  
LONDON W1R 8BT

Directors: M.W. Hewitson (Chairman), R.A.D. Wilson (Deputy Chairman),  
G.J. Jones, G.W.S. Havel, P.F. Riedel  
Alternate Directors: L.M. Brummer, P.W.L. Coomans, P.E. Gassner, P. McKenna

**THE REPUBLIC OF TRINIDAD AND TOBAGO**

U.S. \$50,000,000 Floating Rate Notes due 1992

Notice is hereby given that the Rate of Interest has been fixed at 10.75 % p.a. and that the interest payable on the relevant Interest Payment Date, December 20, 1989 against Coupon No. 8 will be U.S. \$546.44.

June 20, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

**HEWETSON**

Year ended 31 March 1989

Turnover up 71% to £24.7 million

Profits up 134% to £1.8 million

Earnings per share up 67% to 13.54 pence

Extract from the Statement by the Chairman, Peter H Price

Hewetson Floors has maintained its position as a leader in the raised access flooring market and Bennett Windows is increasing its market penetration. Contract Flooring Sales, acquired in June 1988, has achieved a very satisfactory level of profit.

Sales and orders in the early part of the current year give confidence for the future.

The annual report will be available after 30 June from the Secretary, Hewetson plc, Marfleet, Hull HU9 5SG.

U.S. \$200,000,000

**B.B.L. International N.V.**

Floating Rate Notes Due 2001

Guaranteed on a Subordinated Basis as to payment of principal and interest by

**BBL**

**Banque Bruxelles Lambert S.A./ Bank Brussel Lambert N.V.**

Interest Rate	9.425% per annum
Interest Period	20th June 1989 20th December 1989
Interest Amount due 20th December 1989	per U.S. \$10,000 Note U.S.\$ 479.10 per U.S. \$250,000 Note U.S.\$11,977.60

Credit Suisse First Boston Limited  
Agent Bank

**Corporate Identity by Siegel & Gale**

Whether we are creating a worldwide identity, naming a company or product, building a brand or simplifying communications, Siegel & Gale takes pride in elegant and common-sense solutions. Our programmes for such companies as 3M, Allied Lyons, Deloitte Haskins + Sells and Merrill Lynch demonstrate that simplicity and clarity work - anywhere in the world.

**Siegel & Gale**

For a copy of our portfolio contact: David Best  
27 Fitzroy Street, London W1P 5AE. Tel 01-580 9202; Fax 01-436 9521

## Our force is your energy

Olivetti's new structural approach is an expression of its corporate philosophy and way of thinking.

With every product and every activity, Olivetti has just one aim: to concentrate the benefits and the full potential of the power of technology within the hands of the user.

This means making information science more useful and more

useable, in more ways, for more people than any other company involved in information technology.

This also means having a direct and meaningful link with you, the user. A link which is part of a reciprocal relationship of trust.

It is from you that we get all our best ideas for improving ourselves and everything we do is for you.

Our force is your energy.

## Our openness \_\_\_\_\_ is your freedom

We are the leading European supplier and amongst the top ten in the world in the science of distributed data processing.

Our solutions are based on flexible systems which adhere to the most widely accepted international standards with emphasis on added value for specific market segments and serviced by one of the most qualified service assistance networks. Now known throughout the world, the sol-

utions created in our R & D laboratories are based on the wide experience

we have acquired through working with you, the end user, to better resolve your needs. Solutions which help you forge new links between previously incompatible systems and hardware. Our commitment to supply these new solutions gives you the freedom to plan, to build and to grow without barriers or borders. Our openness is your freedom.

### OLIVETTI SYSTEMS & NETWORKS

## Our experience \_\_\_\_\_ is your work

We are the leading European supplier and amongst the top ten groups in the world for office products.

For the management of text, data and images for professional and personal use, our range of experience is unmatched. We are dedicated to providing office product solutions over the

whole business range and following these solutions through all phases of company growth. Our presence and service competence is well known throughout Europe and is your guarantee of having the best office products for any office requirement.

Our experience is your work.

### OLIVETTI OFFICE

## Our know-how \_\_\_\_\_ is your success

We are the first private group in Italy in the fast growing computer information services sector.

The only group which has both the skills and resources in all areas from professional services to software products, from integrated systems to value-added network services, from facility management to education and training.

Operating through a number of specialised companies integrated according to technology and market requirements, we offer the services of a function-dedicated company with the

guarantees and competence of a large group. We have the resources and the experience to manage large projects and our professional ethics ensure that the client's needs come first, based on his values and his operating environment. Thus our operating philosophy is based on autonomous solutions with open standard platforms. We have the skill and practical experience to build up a long-term relationship which will protect your investment and guarantee your growth.

For this reason, our know-how is your success.

### OLIVETTI INFORMATION SERVICES

Our force is your energy

# olivetti

Take advantage of our pole position in East-West trade.



Vienna is a traditional centre for East-West trade. As a neutral state in the heart of Europe we have close cultural and economic ties to East and West. You should take advantage of these contacts if you want successful East-West transactions. GZB-Vienna is the bank that has all the necessary qualifications: along with its trading house F. J. Esner & Co., it offers \* countertrading transactions \* dissolution of counter-purchasing obligations \* individual trade financing, including à forfait purchase of receivables, as well as \* speedy and smooth settlement of payment transactions.

**GZB-VIENNA**  
Genossenschaftliche Zentralbank AG



A-1010 Vienna, Herrngasse 1-3  
Tel. 717 07-0  
Telex: 136 989, Swiftcode: ZENT AT WW  
Representative offices in New York, London, Hong Kong, Singapore, Milan and Zurich.  
**Your Austrian partner in East-West trade.**

## FT LAW REPORTS

# Tax inspector should disclose basis for production notice

REGINA v INLAND REVENUE COMMISSIONERS EX PARTE TC COOMBS & CO  
Court of Appeal (Lord Justice Parker, Lord Justice Bingham and Lord Justice Taylor)  
May 26 1988

A TAX inspector's duty not to reveal his sources of information when conducting a tax inquiry should not, in the absence of pending prosecution, prevent him from disclosing the basis of his opinion that certain documents contain information relevant to the inquiry; and a notice requiring their production will be quashed on the ground that the opinion is unreasonable if the addressee produces positive evidence which is irreconcilable with its having been reasonable, and the inspector produces no factual evidence to the contrary.

The Court of Appeal so held (Lord Justice Bingham dissenting) when allowing an appeal by stockbrokers, T.C. Coombs & Co, from Mr Justice Schiemann's decision in the Divisional Court, refusing judicial review of a tax inspector's production notice.

LORD JUSTICE PARKER said that on April 1 1987 a tax inspector gave Coombs notice under section 20 (3) of the Taxes Management Act 1970, requiring them to deliver client account files on 12 companies, for the purpose of an enquiry into the tax liability of their previous employee, Mr T. P. Ramsden.

The notice was withdrawn, but was replaced by a fresh notice dated January 6 1988. The second notice required production of all client account statements relating to business transactions between 1980 and 1986 in respect of seven companies, including a company called Hereford Securities & Management SA, and in respect of Mr Ramsden.

The notice was endorsed with the consent of a general commissioner.

Coombs were given leave to move for judicial review in respect of the notice. Mr Justice Schiemann dismissed the application. Coombs now appealed seeking an order that the notice be quashed in respect of all the companies except Hereford Securities, and

a declaration that Coombs had complied with the notice in respect of Hereford.

The tax inspector's power under section 20(3) was very wide. It was a power, for the purpose of enquiring into a taxpayer's liability, to require another person to deliver or make available documents which in the inspector's "reasonable opinion," might contain relevant information.

A notice was not to be given by an inspector except with the consent of a general or special commissioner. The commissioner was to give consent only if satisfied that the inspector was justified in proceeding under section 20.

The commissioner and the inspector would have signed declarations pursuant to section 6 of the Act, containing undertakings not to disclose information received in the course of their duties. Coombs had obtained Mr Ramsden's consent to provide the Revenue with all information relating to his affairs, and as far as they were aware, they had done so. They had also provided, with the client's consent, all documents relating to Hereford Securities - although they contended they were not obliged to do so.

The six companies named in the second notice other than Hereford were Coombs's clients, but so far as they were aware, were not clients of Mr Ramsden and had no connection with him. Mr Ramsden deposed that none of those accounts had ever been dealt with through him. Affidavit evidence was given by directors of those companies that Mr Ramsden had never had any dealings with them.

The Crown did not accept that Coombs had disclosed all documents relating to Hereford, and did not accept the evidence that the six companies had nothing to do with Mr Ramsden.

As to Hereford, that was a pure question of fact, and there was no evidence whatever to contradict Coombs's evidence. As to the six companies there was evidence from the inspector that he held the relevant opinion. He said he was unable to accept the evidence of the representatives of the six companies, but did not say why. Neither the Crown nor the

court had any information or evidence as to the basis of the inspector's opinion. There was nothing to show that what prompted the request in respect of the six companies was confidential information.

The Crown contended it was not obliged to give reasons, that no adverse inference could be drawn if it failed to do so, and that no challenge could succeed unless the recipient of a notice could satisfy the court that no inspector could have formed the reasonable opinion required.

The Crown placed great reliance on *Rossminster (1980) AC 923*, which concerned the entitlement to enter and search premises if there was reasonable ground to suspect tax fraud, to obtain evidence for criminal proceedings. The Revenue had refused to disclose its reasonable grounds, claiming immunity.

Lord Willberforce said "it would generally be wrong to require disclosure in a civil case of anything which might be material in a pending prosecution; but after a verdict has been given or it has been decided to take no proceedings there is not the same need for secrecy." Lord Diplock said the public interest in immunity from disclosure was in general temporary in nature.

At page 1013 he said that the presumption that the officer acted *bona fide* could only be displaced by "evidence of facts which cannot be reconciled with there having been reasonable cause for his belief that the documents might be required as evidence..." There were three public interests involved: (a) the temporary public interest in non-disclosure of information pending a prosecution; (b) protection of the public from unwarranted interference with use or enjoyment of property; and the administration of justice.

The third public interest in the administration of justice was clearly present, but the case differed from *Rossminster* where the protection from giving reasons was both obvious and temporary and where there was conflicting factual evidence. Here the evidence, unanswered as it was, cer-

tainly established a *prima facie* case that the inspector could not have formed the reasonable opinion required.

Even without the support of any inference from the failure to give reasons, the evidence stated facts which could not be reconciled with the inspector's having had the required reasonable opinion. An inference could, however, be drawn.

The Crown had declined to give reasons. It had not sought leave to cross-examine Coombs's affidavit evidence. It had not given any evidence as to the basis on which it was contended that Coombs was subject to section 20(3).

The court was faced with a blank wall which impeded the administration of justice. Unless it had access to the evidence it could not carry out its function to see whether any inspector could reasonably have formed the required opinion. In the case of a pending prosecution and conflicting evidence of fact it might temporarily be prevented from doing so. In the present case it was not so prevented.

The appeal should be allowed and the second notice quashed in so far as it related to the six companies. In relation to Hereford it was declared that Coombs had complied with the notice.

LORD JUSTICE BINGHAM dissenting, apart from on the Hereford point, said the onus was on the applicant for judicial review. It made it very hard for Coombs to show that the inspector's opinion must have been unreasonable when a responsible commissioner who saw the material on which the inspector relied plainly considered it to be reasonable.

LORD JUSTICE TAYLOR concurring with Lord Justice Parker said that Coombs had made out a positive case that the inspector's opinion was not reasonable. In the absence of any evidence in rebuttal, their appeal should be allowed.

For Coombs: David Goldberg QC and Edward Bailey (Edwin Cook).  
For the Crown: Philip Vallance QC (Inland Revenue solicitor).  
**Rachel Davies**  
Barrister

# How to say success in any language

When it's down to business, just two words mean success in any language.

They're Warrington-Runcorn and together they form the Nation's most central location: a leading business environment.

One with enviable road, rail, sea, air and telecommunication links to keep businesses moving.

As well as fully serviced sites and premises ready for immediate occupation. All within easy reach of over 15 million consumers. Not to mention a skilled workforce with one of the best labour relations records in the country.



Couple to that a superb working environment, magnificent countryside, a wealth of leisure activities close-by and top quality housing and you'll understand why almost a thousand British and International companies have made Warrington-Runcorn their centre for growth.

Call Eileen Bilton on Warrington 38834 or write to her at the address below for a comprehensive fact pack and just some of the success stories from the nation's most central location. You'll find she speaks your language. Fluently.

## "Warrington-Runcorn"

The Nation's Most Central Location

EILEEN BILTON, THE DEVELOPMENT CORPORATION, P.O. BOX 48, WARRINGTON, CHESHIRE WA1 3LP.



**DARCHEM**  
GROUP OF COMPANIES

Darchem, the Engineering Division of William Baird PLC, wishes to announce the launch today of its new corporate identity represented by the Darchem 'D'.

Darchem's five operating divisions, with an annual turnover of around £110M, offer a wide range of engineering products and services to the aerospace, automotive, construction, oil and chemical, marine and power generation industries.

The Darchem Group of Companies has an enviable reputation for engineering excellence, and offers the highest quality approvals in the technologically advanced markets in which it operates.

The employees of Darchem are totally committed to providing a service to customers that is second to none, and will continue to supply products and services that give value for money.

Darchem looks forward to future earnings growth through cost effective management and by acquisition in its core business areas.



**DARCHEM**  
GROUP OF COMPANIES

West Auckland Road, Darlington, Co. Durham DL3 0UP. Tel: 0325 382333. Facsimile: 0325 282194.

TECHNOLOGY

# News smuggled out of China with high-tech help

The modern communications network in China, which has enabled such graphic reports of the events in Tiananmen Square, Peking, to be broadcast to the outside world, could also prove a stumbling block to the authorities in their attempts to stamp out the pro-democracy movement.

That network is enabling eye-witness reports to be sent out of the country, and it is relaying into the People's Republic vital information about what has happened - in spite of the severe restrictions on anything other than official news.

In particular, the growth in the number of facsimile (fax) machines and personal computers (PCs) has facilitated the flow of information, says Samman Hui, managing director of International Data Corporation (IDC) China, which is based in Hong Kong. "I think the authorities did not expect that modern equipment could be used to get so much information into China," says Hui. "It's hard to tell what the authorities will do now. They need to import foreign equipment if they want to continue their modernisation programme."

This influx of uncontrolled information about the crisis has not escaped the attention of the authorities. Just as they are reported to have confiscated sackloads of mail crossing the border from Hong Kong, David Noble, editor of the magazine Computerworld Hong Kong, says that they have begun the more difficult task of identifying and disconnecting fax machines. Would-be callers only hear the ringing tone, whereas telephone lines were buzzing with messages in the days following the Tiananmen protests.

Before the crackdown, the rapid increase in sales of high technology equipment to Chinese companies and institutions, such as schools and universities, over the past five years had made the exchange of information easier. Between 1983 and 1987, for example, US companies were licensed to export almost \$7.5bn of computer equipment to China.

However, the penetration of

telephones is still low - there are only 8m in a country with a population of more than 1bn. Penetration in the large cities, such as Peking where most of the reported clashes have occurred, is higher with about four telephones for every 100 people.

Compared with the west, the number of PCs and fax machines is also low. IDC China estimates that there are now about 340,000 PCs in the country (compared with an estimated 1.85m in the UK's business sector alone) and about 10,000 fax machines. Five years ago, however, the figures were minimal.

The rapid improvement of the telephone network has involved service providers, such as Cable and Wireless, of the UK, Nynex, of New York, and most of the international telecoms equipment manufacturers.

And there are pockets of service with a surprising level of sophistication, as demonstrated to television viewers in the US when one news reader reported back from Tiananmen Square using a portable cellular telephone. Jessica Lipnack, president of the Networking Institute, of Massachusetts, a high technology research and consultancy group, says: "We can drive 75 miles outside Boston and not get that sort of service."

One way of getting information out of China has been through the computer networks installed by international companies. Many of these - particularly in high technology fields - have computer links with their private international networks. As many of the China-based employees have fled the country, they have left behind access to these networks.

Lipnack says that her company has been shown packages of messages, authored in China, sent out of the country using computer networks put in place by US multinationals. The messages describe in graphic detail the events in Tiananmen Square and the army manoeuvres in Peking. "If I read some of these to you, they'd just make you shudder," she says.

# A testing time for 'natural' foodstuff

Della Bradshaw reports on new techniques for keeping dangerous microbes at bay

Salmonella, listeria and now botulism have become part of the everyday English vocabulary because of the recent spate of food poisonings. As a result, both foodstuffs and their producers have come under the microscope.

Many manufacturers believe that they are caught in a vicious circle. With the trend towards healthier eating habits, food companies have bowed to consumer pressure and reduced preservatives in food - sugar and salt, as well as chemical preservatives. The result has been an erosion of the shelf-life of foodstuffs.

"Bacon is a good example," says Professor Alan Holmes, director of the British Food Manufacturing Industries Research Association, at Leatherhead. "It used to be fairly salty and have a fair amount of nitrates and nitrites in it. It was transported in an unrefrigerated lorry, sold from a grocer's shop and stored at home in the larder. You couldn't do that with the bacon we get today: it has to be treated in almost the same way as raw meat."

The growing public demand for additive-free food is coupled with a continuing change in shopping habits towards buying in bulk from one source. As Anne Nash, of the Institute of Food Research, headquartered in Reading, puts it: "People want to have natural foods, and they still want to shop just once a week."

One way in which food processing companies are responding to the challenge is to look for naturally produced preservatives, rather than a string of chemical additives. The bacterium which produces lactic acid is one of the more promising additives for food preservation. Used for centuries to ferment and preserve dairy products, such as yogurt and cheese, it is also used as an additive to preserve some meats, such as salami.

Research into the substance, carried out by the UK Government's Institute of Food Research, suggests that the micro-organisms which produce lactic acid also produce a variety of microbe killers which could be used more widely. The institute hopes that it will be able to modify these substances to produce derivative compounds which will be more effective at killing a shopping list of microbes.

Other traditional acids produced by fermentation, such as the acetic acid in vinegar, are also being looked at as a way of preserving food. Acetic acid

# A testing time for 'natural' foodstuff

Della Bradshaw reports on new techniques for keeping dangerous microbes at bay

is already used as a preservative in bread, for example. Research is continuing into a number of other substances classed as "natural". They include essential oils, such as orange essence and garlic, all the atmosphere. The high properties. However, the problem with all these natural substances is that they have a strong taste and so are unlikely to be used in a wide range of food preparations.

Another way of inhibiting the reproduction of poisonous organisms is through packaging methods. Research is being carried out into forms of preservation which work by juggling the proportions of gases contained within packages. The fresh meat already sold in most supermarkets, for example, is packed in airtight containers in which about 25 per cent of the cocktail of gases is carbon dioxide - compared with less than one per cent in the atmosphere. The high proportion of carbon dioxide inhibits the growth of aerobic organisms (which thrive on oxygen), including listeria and salmonella.

More controversial is irradiation, which does food with radiation (gamma or X-rays) to kill off dangerous organisms. But it has been claimed that, if not properly regulated, the method could be used to clean up contaminated food to put it back into the marketplace.

The Government has decided that irradiation has an important role to play in combating certain microbes, such as salmonella. And so it is expected to authorise use of the process in the forthcoming Food Bill.

In the meantime, identification of infected food before it leaves the factory is one way of preventing further outbreaks of food poisoning. But because testing is usually done on a production sample, it can overlook killer organisms present

in single cans, a particular problem in the case of botulism. And as the testing equipment is costly and space-consuming, many smaller food production companies are reluctant to install it.

The move towards chilled products, additive free recipes and fast food - has been shadowed by the introduction of rapid food tests, which take only hours to detect dangerous organisms in food, rather than days under the old regime. A lot of work is also going on to make the tests specific to certain organisms, rather than just doing a general "bug count".

One of the most widely used is the Malthus test, developed by the Government's Torry research Station in Aberdeen and used by food manufacturers and large retailers. It works by softening the food in a liquid medium and then inoculating the resultant liquid into a cell. An electrical charge is passed through the liquid and the electrical response is measured by computer. From that response, the computer can calculate how many unwanted organisms are present.

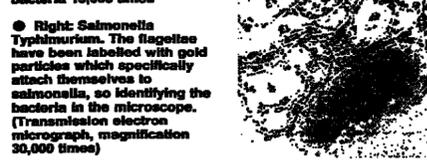
The Malthus test can already isolate salmonella bacteria and it is being developed so that it can identify other organisms, such as listeria. It would do that by changing the liquid (medium) in which the food is soaked.

A more sophisticated method of discerning the presence of such organisms involves genetic engineering techniques. Test equipment, developed in the US and now entering the UK market, can spot both salmonella and listeria organisms by their DNA, the building blocks of genetic material.

However the organism which causes botulism - spores of Clostridium Botu-



● Above: Listeria. The original scanning electron micrograph magnified the bacteria 15,000 times



● Right: Salmonella Typhimurium. The flagellae have been labelled with gold particles which specifically attach themselves to salmonella, so identifying the bacteria in the microscope. (Transmission electron micrograph, magnification 30,000 times)

linum - is much more difficult to detect. That is because it is anaerobic and so can breed in cans of food with no air present. For that reason, the most common way of inhibiting the deadly organism is to kill it by heating the cans to a sufficiently high temperature for a sufficiently long period.

To do that, companies have to ensure that they have developed a manufacturing process which adheres to the minimum requirements for canned food production. Both food processing companies and the genetic engineers agree that although new types of preservatives and methods of testing are useful in restoring public confidence in the food chain, it is the efficient working of the production cycle that has the most significant bearing on the safety of processed foods.

As a result, the food legislation being considered by the Government could give trading standards officers the power to enter some establishments and check the production process.

To help manufacturers operate in ways that minimise the risk of food contamination, the Institute of Food Research is compiling a database with information pertaining to the food manufacturing process. The combinations of production times and processing temperatures can be quite complex. When trying to avoid the

# A 'pipe' that eases breathing problems

By Paul Godden

A PORTABLE device for people suffering from lung complaints, such as bronchitis and asthma, has been developed by VarioRaw Percutive SA, of Aubonne in Switzerland. The Flutter VRPI improves pulmonary ventilation and eases exhalation through a series of positive air pressure pulses, which are generated as the patient exhales into the mouthpiece.

Although the technique is well proven, patients have previously had to use a face mask or a method involving a vessel of water. The more traditional systems are active and supply artificial back-pressure, the new one is passive.

The Flutter, which is 10 cm by 4 cm and weighs 100 grams, looks like a short, plastic tobacco pipe with a perforated cover. It contains a stainless steel ball which sits in a cone in the pipe's bowl. When the patient exhales, the breath is momentarily blocked by the ball, causing pressure to build up in the bronchial system.

As the patient continues to breathe out, the ball rises and lets the breath escape for a few milliseconds. The ball then drops back into its cone and supplies a further pressure pulse. Continued exhalation causes the ball to oscillate, which provides a regular train of sinusoidal pressure pulses.

Claude Liardet, managing director of VarioRaw, says that this sinusoidal pattern is crucial. He is working away at finding new preservatives, methods of testing and predictive models to help food processing companies, the food industry may need some persuasion before it adopts them.

But while the research institutions are beavering away at finding new preservatives, methods of testing and predictive models to help food processing companies, the food industry may need some persuasion before it adopts them.

Companies from Britain and Sweden have shown an interest in making and marketing the Flutter.

BUSINESS WANTED

## NURSING AGENCIES REQUIRED

A leading American quoted Home Health Care company wishes to purchase a group of Nursing Agencies.

- Wide geographical coverage preferred.
- Finance available for expansion.
- Existing management retained.

All enquiries welcome in strictest confidence

Please contact Kathryn Rowles on 01-937 9877, Fax: 01-937 9007  
Lifetime Corporation, 49 Kensington Court, London W8 5DB

### CANNED AND PROCESSED FOOD BUSINESS WANTED

CIM is a fast growing Foods Company with considerable strength in international product sourcing and marketing. The Company has substantial financial backing.

We would be interested to acquire a canned and processed food business.

Please respond to:  
The Managing Director  
CIM International Limited  
CIM Pavilion, Segensworth West, Fareham,  
Hampshire, PO15 5TD Tel: (0489) 86353 Fax: (0489) 581468

### P.R. PROMOTIONS COMPANY WANTED

by a Young Dynamic Promotions/Artist Management Company involved with high profile clients. Acquisition or Merger sought.

Contact: Leon Angel  
Hazlins Fenton  
7071 New Bond Street  
London W1Y 9DE

### WANTED FOR REVERSE TAKEOVER

Quoted company with property or commercial interests. Market capital of circa £5m - £10m. Suitable for £12m reverse takeover.

Enquiries to:  
Box H4964, Financial Times, One Southwark Bridge, London SE1 9HL

### Small import/export trading company

with diverse customer and supplier base for integration into existing organisation. Sole trader preferred. Any product line considered.

Please reply to Box H4956, Financial Times, One Southwark Bridge, London SE1 9HL

### COMMERCIAL PROPERTY

Development situations, Companies and Portfolios required. From £2m. £25m and/or shares. Agents retained where necessary.

Write to Box H4969, Financial Times, One Southwark Bridge, London SE1 9HL

### TOYS - GIFTS STATIONERY

Business Wanted Manufacturer or distributor with exclusive agency.

Write Box H4975, Financial Times, One Southwark Bridge, London SE1 9HL

### Housebuilding and/or Property Companies

required by substantial PLC £15m available

Write to Box H4976, Financial Times, One Southwark Bridge, London SE1 9HL

### EXPANDING PUBLISHING HOUSE

seeking purchase in similar business or publications for sale.

Write Box H4977, Financial Times, One Southwark Bridge, London SE1 9HL

### 3 days General Management Training for £150

Using our business simulator, a sophisticated and very realistic management game providing hands on experience of running a company.

Trace Professional Services Ltd  
061 445 5997

COMPANY NOTICES

Following the DIVIDEND DECLARATION by the Company on 13 April 1989 NOTICE is now given that the following DISTRIBUTION will become payable on or after 16 June 1989.

Gross Distribution per Unit	3.75 cents
Less 15% U.S.A. Withholding Tax	0.58 cents
	3.18 cents

Converted at \$1.515 £0.021038604

Claims should be lodged with the DEPOSITORY: National Westminster Bank PLC, Stock Office Services, Second Floor, 20 Old Broad Street, London EC2, on special forms obtainable from that Office.

United Kingdom Banks and Members of the Stock Exchange should mark payment of the dividend in the appropriate square on the reverse of the certificate.

All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.

DATE: 20 June 1989.

### GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION OF 1st June 1989 NOTICE is now given that the following distribution will become payable on and after 15 June 1989 against presentation to the Depository (as below) of Claim Forms listings Bearer Depository Receipts.

GROSS DISTRIBUTION	7.50 CENTS
LESS 15% US WITHHOLDING TAX	1.125 CENTS
	6.375 CENTS PER UNIT

CONVERTED at 1.5775 = 4.04120 PENCE PER UNIT

Barclays Bank PLC  
Stock Exchange Services Department  
54 Lombard Street, London EC3P 3AH

### CITY OF LIMA (THE HONOURABLE PROVINCIAL COUNCIL OF LIMA) 5% FIRST MORTGAGE BONDS 1911

NOTICE IS HEREBY GIVEN that under the Sinking Fund arrangements of the above loan all bonds in issue are called for repayment on 1st July 1989 after which date all interest thereon will cease.

Payment will be made at the new par value of £171 per £100 bond in accordance with the Republic of Peru Offer dated 13th January 1955.

Bonds should be presented for repayment to Lloyds Bank Plc, Branches Stock Office, Coupons Department, 54 Threadneedle Street, London EC2P 8AX, and must bear all coupons subsequent to 1st July, 1989.

### THE "SHELL" TRANSPORT AND TRADING COMPANY, p.Lc.

Notice is hereby given that a balance of the Register will be struck on Tuesday, 4th July, 1989 for the preparation of the half-yearly dividend payable on the SECOND PREFERENCE SHARES for the six months ending 31st July, 1989. The dividend will be paid on 1st August, 1989.

For Transfers to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, Sussex, not later than 3.00 p.m. on Tuesday, 4th July, 1989.

By Order of the Board  
V.A. Wadhwan  
Company Secretary

Shell Centre  
London SE1 7NA

### TASMANIAN TIM DREDGING PLC

(Incorporated in England)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at No.3 Baker Street, London W1M 0AE on Friday 20th June 1989 at 11.00 a.m. to consider, as if thought fit, the following resolutions which will be proposed as Ordinary Resolutions:-

RESOLUTION 1  
"That Miss Helen Knuck be and is hereby appointed a Director of the Company."

RESOLUTION 2  
"That Madam Irene Knuck be and is hereby appointed a Director of the Company."

By Order of the Board  
K.C. Pascher  
Secretary

Brosley House  
Newlands Drive,  
Widnes  
Essex CM8 2UL  
ENGLAND  
20th June 1989

NOTES  
1 A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member of the Company.  
2 The instrument appointing a proxy must be lodged at the Registered Office of the Company at Brosley House, Newlands Drive, Widnes, Essex CM8 2UL, not less than forty eight hours before the time appointed for the holding of the meeting or adjourned meeting.

### ART GALLERIES

LIBERTY'S Road, S.W.1, Tel: 01-839 3230  
BRITISH PAINTING, Mon-Fri 9.30-5.30

CRANE KALAMIAN GALLERY "A selection of paintings" (at affordable prices) by English, French, Dutch and Spanish artists of merit and of the day in 178 Broadwood Road, London SW2, 01-856 7466/2634, Daily 10-6 Sat 10-4.

### EUROPEAN CAPITAL MARKETS

The Financial Times proposes to publish this survey on:

3rd July 1989

For a full editorial synopsis and advertisement details, please contact:

Gillian King  
or Chris Schaanning  
on 01-873 4823/3428

or write to them at:

Number One  
Southwark Bridge  
London  
SE1 9HL

FINANCIAL TIMES  
LONDON'S BUSINESS NEWSPAPER

### PLC GROUP SEEKS ACQUISITIONS

Having recently joined the U.S.M. we would like to acquire companies with net profits in excess of £300k. Particular areas of interest are:

- Commercial vehicle bodybuilding
- Truck or trailer service and repair
- Commercial vehicle component distribution
- Mobile show or exhibition trailers
- Road Tanker manufacturer

OR

- Petrochemical design and contracting engineers
- Manufacturers or suppliers of products or services to the Oil, Petrochemical, Pharmaceutical or Foodstuffs industries.

If you are considering a sale and require a quick decision send sufficient details to:  
Box H4923, Financial Times, One Southwark Bridge, London SE1 9HL

### ACQUISITIVE PLC

Currently undergoing a substantial expansion phase, seeks acquisitions in design, distribution and service sectors.

This is an opportunity to become part of a plc with a committed growth policy and entrepreneurial management style.

Acquisitions will be made for cash and/or shares for private companies or subsidiaries of plc with minimum profits of £20,000 per annum before tax, and good future growth potential.

Write Box H4930, Financial Times, One Southwark Bridge, London SE1 9HL

### INVESTOR RELATIONS

We are retained to advise a U.S. public company seeking to acquire a stake in a public relations/investor relations company that is already profitable. They can add clients, capital and expertise.

Please write to Ross Financial Services Ltd, 6 Buckingham Street, London WC2N 6SU. Tel: 01-839 8389

### ACQUISITIVE PLC WISHES TO BUY COMPANIES WITH HIGH YIELDING PROPERTY PORTFOLIOS

Write Box H4938, Financial Times, One Southwark Bridge, London SE1 9HL

### FLAT GRINDING

U.K. company requires used Snow/Lumsden flat grinding machines. Alternatively seeks sub-contract flat grinding capacity. Would also consider purchase of companies with such facilities.

Write Box H4966, Financial Times, One Southwark Bridge, London SE1 9HL

COMMODITIES AND AGRICULTURE

China forced to import steam coal

By Gerard McCloskey

CHINA, ONCE tipped as the next great coal exporter, is beginning to import steam coal. The first of 10 shipments in a large contract for South African coal was unloaded in the southern province of Guangdong last week.

Guangdong, like many of China's provinces, is critically short of coal and has already instituted a programme of rolling blackouts. The China Coal Import Export Corporation insists that no Chinese company is involved in purchasing South African coal. In fact the coal is being imported through a Guangdong trading house located in Hong Kong. It is being shipped through the Mozambican port of Maputo.

China's difficulties as a supplier have long been portrayed as problems of infrastructure. wishes either to deny or wash its hands of the Guangdong business, it last week admitted that imports would be needed from the end of this year. Rongbin Hu of the CCIEC Brussels-based company, Shenyao, said at an international conference in Cartagena, Colombia, that 500,000 tonnes would be required annually.

Imports will be confined to provinces which have both the long-term need and the wherewithal to purchase the coal. This effectively limits potential purchasers to provinces hosting special economic zones. Most attention has been focussed on Shanghai and Guangdong both because of their relative wealth and because of their access to large port capacity.

Mounting supply concern lifts copper

By Kenneth Gooding, Mining Correspondent

THE PRICE of copper surged on the London Metal Exchange yesterday after traders and consumers digested news from around the world about further interruptions to supplies. The price of copper rose 10.5p to 198.50 a tonne.

UK plans environment boost for land set-aside scheme

By Bridget Bloom, Agriculture Correspondent

BRITAIN IS to introduce the European Community's first-ever scheme to pay farmers to follow good environmental practices on land taken out of arable production. Farmers in seven cereal-growing counties in eastern England will be paid up to £120 a hectare in addition to up to £200 a hectare they can already receive for following their land under agreements with the Government.

Earlier this month Mr Henri Nallet, the French Farm Minister, acknowledged that his view was too low to attract more than a few hundred farmers. He suggested payments would be raised this year.

However, Britain is the only country to link set-aside payments to care of the environment. Explaining the new scheme yesterday, Mr Bob Roberts, the Countryside Commission's conservation director, said it would apply only to those farmers who decided to follow their land, rather than to plant trees or turn it into other allowable uses.

Non-OECD energy demand growing

By Maurice Samuelson

ENERGY DEMAND in the Third World and Communist States has doubled over the period since the first international energy shortage. This emerges from a study by the Paris-based International Energy Agency, formed in response to the Middle East oil crisis of 1973-74 and growing world energy shortages.

Over the 17 year period, energy needs of the developing countries grew at an average 6.2 per cent a year, compared with 3.8 per cent in the communist countries and only 1.3 per cent in the OECD.

The pattern of gas production has also changed dramatically. In 1971, Iran was the largest exporter of gas in the developing world, contributing 4.5m tonnes, oil equivalent.

By 1980, Iran's exports were negligible while the number of gas exporters in the developing world had doubled from five to ten with Indonesia exporting 30 per cent of total gas exports of 31.5m tonnes, oil equivalent.

'Quiet revolution' in Latin American agriculture

By Canute James in Kingston

LATIN AMERICAN and Caribbean countries have expanded their traditional farming sectors over the past two decades and have become major exporters, according to a report by the Inter-American Development Bank.

More efficient transportation, refrigeration and marketing in export markets has opened up markets for seasonal produce, the report says. This has allowed some countries to ship high-value products like broccoli and asparagus to distant markets.

Chile's exports of fruit and vegetables has come about only recently due to improved sea and air transportation. "The choice of Chilean grapes as a terrorist target in early March was a perverse acknowledgement of the tremendous success this sector has achieved," says the bank.

Equatorial Ecuador has been a traditional supplier to its northern neighbour, the IDB reports. "Chile's surge in the international markets for fruit and vegetables has come about only recently due to improved sea and air transportation."

Government last year. All EC governments were required to introduce set-aside, though farmers are free to participate or not. The scheme is justified by Community as being cheaper than buying and storing unwanted cereals at public expense.

In Britain last year, while some 24,000 farmers registered their land, only some 1,800 actually entered the scheme. Britain pays farmers between £130 and £200 a hectare a year for five years. The estimated cost will be £11m this year rising to £20m in 1990-91.

The EC set a normal limit of Ecu 600 (2400) a hectare and Germany, which offers closest to this ceiling, has registered the largest number of applicants, at around 9,000 farmers.

Tin producers expect price rise

By Lim Siong Hoon in Kuala Lumpur

THE ASSOCIATION of Tin Producing Countries, which met here last week, is expecting higher tin prices in the months ahead in spite of the US decision to increase tin sales from its strategic stockpile by 4,000 tonnes a year to 7,000 tonnes from October.

The tin group has made no attempt to fix prices but has instead worked to put down a stockpile which four years ago was three times the present level. Although the association lacked policing powers to enforce its annual export quota (105,400 tonnes for the 1989-90 period) the group's strategy was "holding out very well," said an ATPC official.

Even ATPC, the largest producer and not a member of the ATPC, has kept its bargain to limit exports. While that was still about 10,000 tonnes above what is regarded as the normal tin equilibrium level, more than 7,000 tonnes were "locked up" because of litigation arising from the collapse of the International Tin Council's buffer stock buying operation in 1985.



LONDON MARKETS

NICKEL prices closed down on the LME yesterday despite a 534-tonne fall in LME warehouse stocks to 2,282 tonnes - the lowest level since December. Merchant liquidation took the three-month price down to \$11.150 a tonne by mid-day. A recovery to \$11.450 in the afternoon soon attracted profit-taking and renewed merchant liquidation. The premium for cash metal narrowed to \$587.50 a tonne, compared with \$600 on Friday.

COCOA 5/tonnes

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

LONDON METAL EXCHANGE

Table with columns: Metal, Price, Previous, High/Low. Includes Aluminium, Copper, Lead, Zinc, Tin, Nickel, Silver, Gold, Platinum, Palladium.

US MARKETS

IN THE METALS, gold and silver rose following a sharp increase in the CRB index, a major inflation indicator. Trade buying and elected stop orders lifted the copper. Platinum also gained in slow trading. In the softs, sugar prices closed lower after a choppy session. Coffee trading was dull as first notice dry cargo news. Cocoa prices were steady from mostly local activity.

WORLD COMMODITIES PRICES

Table with columns: Commodity, Price, Previous, High/Low. Includes Wheat, Soybeans, Corn, Rice, Cotton, Wool, Hides, Rubber, Sugar, Coffee, Tea, Cocoa, Oil, Gas, Iron Ore, Lead, Zinc, Tin, Nickel, Silver, Gold, Platinum, Palladium.

Chicago

Table with columns: Commodity, Price, Previous, High/Low. Includes Soybeans, Corn, Wheat, Rice, Cotton, Sugar, Coffee, Tea, Cocoa, Oil, Gas, Iron Ore, Lead, Zinc, Tin, Nickel, Silver, Gold, Platinum, Palladium.

COCAOA 5/tonnes

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYBEANS 5000 bu min: cents/bushel

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SPOT MARKETS

Table with columns: Commodity, Price, Previous, High/Low. Includes Crude oil, Brent Blend, NGL, Gasoline, Heavy Fuel Oil, Naphtha, Petroleum A/B, Other, Copper, Lead, Tin, Zinc, Nickel, Silver, Gold, Platinum, Palladium.

SOYABEAN MEAL 100 tonne: \$/tonne

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 5000 bu min: cents/bushel

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 100 tonne: \$/tonne

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 5000 bu min: cents/bushel

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 100 tonne: \$/tonne

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 5000 bu min: cents/bushel

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 100 tonne: \$/tonne

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 5000 bu min: cents/bushel

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 100 tonne: \$/tonne

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 5000 bu min: cents/bushel

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 100 tonne: \$/tonne

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 5000 bu min: cents/bushel

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 100 tonne: \$/tonne

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 5000 bu min: cents/bushel

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SOYABEAN MEAL 100 tonne: \$/tonne

Table with columns: Date, Close, Previous, High/Low. Data for July, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

LONDON STOCK EXCHANGE

Equities firmer but volume still light

A STRAIGHT performance from sterling despite the outcome of the European elections, which was negative for the UK Conservative Government, underpinned a firm UK stock market yesterday. Trading volume was light, but the picture was much the same as last week with the institutions showing no inclination to sell stock and leaving share prices to follow a buoyant futures market.

Account Opening Dates
West Dealings: Jun 19, Jun 20, Jun 21
Options Dealings: Jun 19, Jun 20, Jun 21
Last Dealings: Jun 20, Jun 21
Account Date: Jun 20, Jun 21

ahead, however, as sterling rallied from its early fall and London money market rates turned easier. Led by a premium on the FT-SE Index futures contract, share prices advanced to show a gain of 14 Footsie points.

The final reading of 2,154.7 on the FT-SE Index showed a net gain on the day of 10.8 points. The index has now returned to the levels last seen at the end of May when the pound's fall, swiftly reflected in the rise in interest rates to 14 per cent, had begun to undermine the Footsie post-Crash peak of 2,204.7.

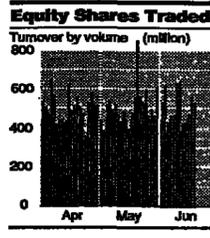
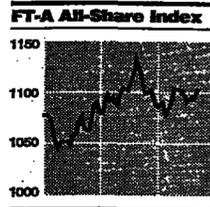
over sterling could face a further testing this morning when the latest UK money supply data is due. The consensus forecasts in the equity market is that growth in money supply and bank lending was strong in May.

FINANCIAL TIMES STOCK INDICES
Table with columns: Index Name, Jun 19, Jun 18, Jun 17, Jun 16, Jun 15, Jun 14, Jun 13, Jun 12, Jun 11, Jun 10, Jun 9, Jun 8, Jun 7, Jun 6, Jun 5, Jun 4, Jun 3, Jun 2, Jun 1, 1989 High, 1989 Low, Since Compilation High, Since Compilation Low.

Pao sells Standard stake

Shares in Standard Chartered, the UK bank with extensive Far Eastern interests, fell sharply in early trading after broking house Casenove placed Sir Y K Pao's 10 per cent stake in the market. The Hong Kong shipping magnate acquired the shares in 1986 while helping to block a hostile bid for Standard from Lloyds Bank.

view of most of the market. Mr Keith Morris at Kitcat and Aitken said: "If there is no further appeal, they will have got a very good deal."



had been worried that the slump in the housing market would seriously dent the bank's profits via its estate agency arm Hambro Countrywide, but the worst of the losses in housing are not likely to appear on the balance sheet until the current year's figures are assembled in twelve months' time.

The fall in the pound has been good news for GEC, and analysts hope for an increased dividend payment this year; profits of around £70m pre-tax for this year are expected.

US buy Beecham

An acute shortage of Beecham stock saw the price rise rapidly in thin early trade as marketmakers tried to draw out sellers. The momentum was maintained by US interest, and the price peaked at 645p before closing at 637p, a rise of 9 on the day.

US buy Beecham
An acute shortage of Beecham stock saw the price rise rapidly in thin early trade as marketmakers tried to draw out sellers.

BEZW believes they are the best value of the international tobacco stocks both on a p/e and a price/cash earnings basis, in spite of the recent out-performance.

National Westminster finished at 294p xd after a one-for-one bonus issue; the price represented a little change in the old form and the stock was quietly traded.

A near doubling of full-year profits at Renault excited investors and the stock added 9 at 97 1/2p. "It just ran away," said a dealer.

Enterprise ruling

Enterprise Oil rose firmly on the High Court's go-ahead for the company's acquisition of Texas Eastern North Sea from Texas Eastern, British Gas and Amerasia Hess, had sought to establish pre-emptive rights over the UK portion of Texas Eastern assets.

Enterprise ruling
Enterprise Oil rose firmly on the High Court's go-ahead for the company's acquisition of Texas Eastern North Sea from Texas Eastern, British Gas and Amerasia Hess, had sought to establish pre-emptive rights over the UK portion of Texas Eastern assets.

With renewed US interest, decreased worries about Proposition 103 (California voters for reduced premiums on property and casualty insurance), good growth forecast and strong defensive characteristics, BATs remains the prime choice in the sector," said Ms Nyren Scott-Malden and Mr Michael O'Donnell. After volume of 3.2m, the shares closed 10 up at a new peak of 675p.

Stones firmed on hopes of stable interest rates. Body Shares were the clear feature, adding 19 at 685p xd and boosted by a press comment on stocks likely to benefit from the attentions of environmentally conscious investors.

There is already a 210p-a-share bid from Isaacson on the table, and the deadline for acceptance of that offer is 10pm Thursday, analysts say that if Gateway is to be snatched from the clutches of

TRADING VOLUME IN MAJOR STOCKS
Table with columns: Stock Name, Volume, Daily High, Daily Low, Daily Change.

Insocoles, which already speaks for 37 per cent of its target's equity, then a rival bidder will have to offer at least 230p, if not 230p-a-share. The market expects to know the full intentions of Wasserstein Perella by today.

APPOINTMENTS

Telecom US post

BRITISH TELECOM has appointed Mr John Carrington (above) as president of BT Inc, based in New York. He was director of BT Mobile Communications. He will have executive responsibility for all British Telecom's operations in North America, where BT recently announced its intention to acquire over 50 per cent in McVay Cellular Communications Inc, a leading cellular radio operator in the US.

Changes at Eurotunnel

Mr Graham Corbett, formerly financial adviser to the co-chairmen of EUROTUNNEL, has been appointed finance director with widened corporate responsibilities. Mr Michael Butcher, formerly group legal adviser, becomes group legal director and secretary. Mr David Wilson, formerly group secretary and administration director, is the newly-appointed director and general manager of Eurotunnel Developments which is responsible for the management and development of Eurotunnel's UK property interests. Mr Wilson retains his responsibilities as director of administration.



Mr Geoffrey Armstrong (left), currently a main board director of M.B. Group, will be joining STANDARD CHARTERED on August 1 as a group executive director responsible for development. He is chairman of the CBI employment committee and a member of the Council of the Advisory, Conciliation and Arbitration Service. Mr John MacKenzie (right) has been appointed a group executive director responsible for banking and trade finance operations in the western hemisphere. He was area general manager based in Hong Kong with responsibility for Hong Kong, China, Macau, Japan, Korea, Taiwan and the Philippines. Mr MacKenzie joined the group in 1988.



Mr John MacKenzie (right) has been appointed a group executive director responsible for banking and trade finance operations in the western hemisphere. He was area general manager based in Hong Kong with responsibility for Hong Kong, China, Macau, Japan, Korea, Taiwan and the Philippines. Mr MacKenzie joined the group in 1988.

BLACK HORSE RELOCATION SERVICES, part of Lloyds Abbey Life, has appointed Mr John Carolan as managing director. He was operations director.

GT MANAGEMENT, part of the Bank in Liechtenstein group, has appointed Mr Peter de Val as institutional sales manager. He was senior Japanese equity salesman with County NatWest in London.

CHANCERY FINANCIAL SERVICES, part of the Chancery group, has appointed Mr Haman Baradan as a director. He joins from Consocium Credit Bank where he was a director.

The world's capital markets have evolved into a complex of interdependencies. Institutional investment strategies and private portfolio management today call for a global perspective. And a bank of international stature.

If you want to do well on Wall Street, you better be there.

That is why BHF-BANK is right at home on all the world's major stock exchanges - not as an observer, but as a market force. BHF Securities Corporation in New York, for example, is registered as a Broker/Dealer and Investment Advisor, with seats on both the New York and the Boston Stock Exchange.

There is in London and Zurich, Singapore and Tokyo, BHF-BANK is engaged in large-scale securities trading. For the customer's benefit it is on the scene, obtains market intelligence from the source, and can take action instantly.

BHF-BANK Merchant Bankers by Tradition
Head office: Bockenheimer Landstrasse 10, D-6000 Frankfurt 1, Tel. (069) 718-0, Fax (069) 718-2296, Telex 411026 (general)
London branch: 61 Queen Street, London EC4R 1AG, Tel. (01) 634 23 00
Branches and subsidiaries in Amsterdam, St. Helier/Jersey, Luxembourg, New York, Singapore, Tokyo and Zurich

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Main table containing unit trust information with columns for Unit Name, Unit Price, and other details. Includes sub-sections like 'Barron's Unit Trusts', 'Fidelity Investments', etc.

GUIDE TO UNIT TRUST PRICING. Includes sections for INITIAL CHARGE, UNIT PRICE, and a detailed explanation of how unit prices are calculated and how they change over time.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2123

Main table of Unit Trust information with columns for Name, Price, Yield, and other financial metrics. Includes sections for 'OTHER UNIT TRUSTS' and 'INSURANCES'.

INSURANCES

Table of insurance products and services, including various life and health insurance policies, with columns for Name, Price, and other details.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-625-2128

Main table containing unit trust information with columns for Name, Price, and Yield. Includes sub-sections for MANAGEMENT SERVICES, OFFSHORE AND OVERSEAS, GUERNSEY (SB REDUCED), LUXEMBOURG (SB REDUCED), and JERSEY (SB).

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SB REDUCED)

LUXEMBOURG (SB REDUCED)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

JERSEY (SB)

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

LONDON SHARE SERVICE

Table of London Share Service listing various funds, including British Funds, Commonwealth & African Loans, and Money Market Bank Accounts.

Money Market Trust Funds

Notes and details regarding Money Market Trust Funds, including performance and investment information.

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as Amgen, Amstar, and Amstar Chemical, with columns for stock price, bid, offer, and volume.

BUILDING, TIMBER, ROADS Contd

Table listing companies in the building, timber, and roads sectors, including Amstar and Amstar Chemical.

DRAPERY AND STORES - Contd

Table listing companies in the drapery and stores sector, including Amstar and Amstar Chemical.

ENGINEERING

Table listing engineering companies such as Amstar and Amstar Chemical.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

CANADIANS

Table listing Canadian companies such as Amstar and Amstar Chemical.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies including Amstar and Amstar Chemical.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies including Amstar and Amstar Chemical.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other companies including Amstar and Amstar Chemical.

HOTELS AND CATERERS

Table listing hotels and caterers including Amstar and Amstar Chemical.

INSURANCES

Table listing insurance companies including Amstar and Amstar Chemical.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies including Amstar and Amstar Chemical.

DRAPERY AND STORES

Table listing drapery and stores companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads companies including Amstar and Amstar Chemical.

AMERICANS - Contd

Table listing American companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

Hire Purchase, Leasing, etc.

Table listing hire purchase, leasing, and other services including Amstar and Amstar Chemical.

AMERICANS - Contd

Table listing American companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

AMERICANS - Contd

Table listing American companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

AMERICANS - Contd

Table listing American companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies including Amstar and Amstar Chemical.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

INSURANCES - Contd

Table listing insurance companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

LEISURE

Table listing leisure-related companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of paper, printing, and advertising companies and their share prices.

PROPERTY

Table listing property-related companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

SHIPPING

Table listing shipping companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

SHOES AND LEATHER

Table listing shoes and leather companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

SOUTH AFRICANS

Table listing South African companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

TEXTILES

Table listing textile companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

TOBACCO

Table listing tobacco companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

TRUSTS, FINANCE, LAND - Contd

Continuation of trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd

Continuation of oil and gas companies and their share prices.

OVERSEAS TRADERS

Table listing overseas traders and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

PLANTATIONS

Table listing plantation companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

MINES

Table listing mining companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

MINES - Contd

Continuation of mining companies and their share prices.

THIRD MARKET

Table listing third market companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

FINANCE, LAND, ETC

Table listing finance, land, and other companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

Far West Range

Table listing Far West Range companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

O.F.S.

Table listing O.F.S. companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

Diamond and Platinum

Table listing diamond and platinum companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

Central African

Table listing Central African companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

FINANCE

Table listing finance companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

OIL AND GAS

Table listing oil and gas companies and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: a Alpha B Beta C Gamma D Delta E F G H I J K L M N O P Q R S T U V W X Y Z AA AB AC AD AE AF AG AH AI AJ AK AL AM AN AO AP AQ AR AS AT AU AV AW AX AY AZ BA BB BC BD BE BF BG BH BI BJ BK BL BM BN BO BP BQ BR BS BT BU BV BW BX BY BZ CA CB CC CD CE CF CG CH CI CJ CK CL CM CN CO CP CQ CR CS CT CU CV CW CX CY CZ DA DB DC DD DE DF DG DH DI DJ DK DL DM DN DO DP DQ DR DS DT DU DV DW DX DY DZ EA EB EC ED EE EF EG EH EI EJ EK EL EM EN EO EP EQ ER ES ET EU EV EW EX EY EZ FA FB FC FD FE FF FG FH FI FJ FK FL FM FN FO FP FQ FR FS FT FU FV FW FX FY FZ GA GB GC GD GE GF GG GH GI GJ GK GL GM GN GO GP GQ GR GS GT GU GV GW GX GY GZ HA HB HC HD HE HF HG HH HI HJ HK HL HM HN HO HP HQ HR HS HT HU HV HW HX HY HZ IA IB IC ID IE IF IG IH II IJ IK IL IM IN IO IP IQ IR IS IT IU IV IW IX IY IZ JA JB JC JD JE JF JG JH JI JJ JK JL JM JN JO JP JQ JR JS JT JU JV JW JX JY JZ KA KB KC KD KE KF KG KH KI KJ KL KM KN KO KP KQ KR KS KT KU KV KW KX KY KZ LA LB LC LD LE LF LG LH LI LJ LK LL LM LN LO LP LQ LR LS LT LU LV LW LX LY LZ MA MB MC MD ME MF MG MH MI MJ MK ML MN MO MP MQ MR MS MT MU MV MW MX MY MZ NA NB NC ND NE NF NG NH NI NJ NK NL NN NO NP NQ NR NS NT NU NV NW NX NY NZ OA OB OC OD OE OF OG OH OI OJ OK OL OM ON OO OP OQ OR OS OT OU OV OW OX OY OZ PA PB PC PD PE PF PG PH PI PJ PK PL PM PN PO PP PQ PR PS PT PU PV PW PX PY PZ QA QB QC QD QE QF QG QH QI QJ QK QL QM QN QO QP QQ QR QS QT QU QV QW QX QY QZ RA RB RC RD RE RF RG RH RI RJ RK RL RM RN RO RP RQ RR RS RT RU RV RW RX RY RZ SA SB SC SD SE SF SG SH SI SJ SK SL SM SN SO SP SQ SR SS ST SU SV SW SX SY SZ TA TB TC TD TE TF TG TH TI TJ TK TL TM TN TO TP TQ TR TS TT TU TV TW TX TY TZ UA UB UC UD UE UF UG UH UI UJ UK UL UM UN UO UP UQ UR US UT UV UW UX UY UZ VA VB VC VD VE VF VG VH VI VJ VK VL VM VN VO VP VQ VR VS VT VU VW VX VY VZ WA WB WC WD WE WF WG WH WI WJ WK WL WM WN WO WP WQ WR WS WT WU WV WW WX WY WZ XA XB XC XD XE XF XG XH XI XJ XK XL XM XN XO XP XQ XR XS XT XU XV XW XX XY XZ YA YB YC YD YE YF YG YH YI YJ YK YL YM YN YO YP YQ YR YS YT YU YV YW YX YY YZ ZA ZB ZC ZD ZE ZF ZG ZH ZI ZJ ZK ZL ZM ZN ZO ZP ZQ ZR ZS ZT ZU ZV ZW ZX ZY ZZ

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

TRADITIONAL OPTIONS

Table listing traditional options and their share prices, including details like '1989 High', '1989 Low', 'Stock', 'Price', 'Div', 'Yield', 'Vol', 'Cov', 'Wtd Avg'.

This service is available in every Company Book in an Stock Exchange Handbook for a fee of 5000 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak as peseta gains

THE RESULT of the European elections and the success of left wing parties provided a little underlying support for the dollar yesterday, but the US currency failed to gain any great benefit and finished in London towards its lowest levels of the day.

Profit taking at the end of last week, after the dollar failed to break through technical resistance points against the D-Mark and yen, has undermined confidence, but it remains the subject of debate in the market as to whether this is only a short term adjustment.

In nervous trading rumours tend to gain increased credibility. Last week it was suggested the Bank of Japan is prepared to sell up to \$1bn a day to keep the dollar down and yesterday it was said that the Bank of Japan has agreements with the

US Federal Reserve and the West German Bundesbank on co-ordinated intervention. Intervention by the Japanese central bank was put at around \$700m yesterday and the US Federal Reserve may have sold a small amount of dollars later in the day. This helped push the dollar lower.

The dollar fell to DM1.9730 from DM1.9825; to Y144.40 from Y145.50; to SFr1.7050 from SFr1.7200; and to FF6.6950 from FF6.7635. On Bank of England figures the dollar's index fell to 72.4 from 72.8.

Sterling moved in line with other European currencies, gaining ground against the dollar and closing 1 1/2 cents higher at \$1.5490. The pound suffered in early trading from speculation that the entry of the Spanish peseta into the EMS exchange rate mechanism will increase pressure on the

British Government to allow sterling to float. Sterling fell to a low of DM3.0450, but held above a support point of DM3.04, before rallying to close at DM3.0550 against DM3.0575 on Friday. The pound also eased to FF10.3700 from FF10.3750, but rose to Y223.75 from Y223.25 and to SFr2.6400 from SFr2.6375. Sterling's index opened at 90.5 and fell to a low of 90.4 in the morning, before closing unchanged at 90.8.

High Spanish interest rates of over 14 per cent attracted funds into the Spanish peseta, following the decision to make the currency a full member of the EMS. Dealers said the protection offered to the peseta by the system made Spanish interest rates very attractive. The peseta rose to DM1.5730 per 100 pesetas from DM1.5660 on Friday.

EMS EUROPEAN CURRENCY UNIT RATES table with columns for Country, Currency, Unit, % change, % change, % change.

Changes are for US dollars unless otherwise stated. A week's currency adjustments calculated by Financial Times.

£ IN NEW YORK

Table with columns for Date, Price, Change, % Change.

STERLING INDEX

Table with columns for Date, Index, Change, % Change.

CURRENCY RATES

Table with columns for Currency, Rate, % Change.

CURRENCY MOVEMENTS

Table with columns for Currency, Movement, % Change.

OTHER CURRENCIES

Table with columns for Currency, Rate, % Change.

MONEY MARKETS

London rates fall

INTEREST RATES on the London money market fell back yesterday, after a nervous start to trading following the outcome of the European parliamentary elections.

The poor showing of the British Conservatives in the European poll created a nervous atmosphere and pushed three-month sterling interbank up to 14 1/4-1/4 in early trading from 14 1/4-1/4 per cent. This

was also a reflection of sterling's weak opening on the foreign exchanges, but as the pound recovered London interest rates fell, with three-month money closing at 14 1/4-1/4 per cent on Friday.

The Bank of England initially forecast a flat credit position on the money market, but revised this to a surplus of £100m at noon. The authorities did not operate in the market during the morning, but in the afternoon absorbed surplus funds by selling £75m Treasury bills, due on July 5, at rates of 12 1/2-3/4 per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £300m, with Echequer transactions absorbing £100m and bank bills below target £70m. These factors were offset by a fall in the note circulation adding

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns for Date, Rate, % Change.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns for Date, Rate, % Change.

EURO-CURRENCY INTEREST RATES

Table with columns for Currency, Rate, % Change.

EXCHANGE CROSS RATES

Table with columns for Currency, Rate, % Change.

FINANCIAL FUTURES

Short sterling recovers

STERLING INTEREST rate instruments recovered from a nervous and weak start to trading on Life yesterday. Short sterling, for September delivery, opened at 85.55 as the pound weakened on the foreign exchanges. The contract touched a low of 85.49, discounting a cash Libor rate of 14 1/2 per cent at delivery, but this decline was short lived.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis. This was also the case with the result of the European elections, which led to early but unsustained weakness in sterling.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Today's figures on UK money supply and bank lending are not expected to cause too many problems. A rise of 1.1 per cent in May sterling M0 is expected, taking the year on year rate up to 6.0 per cent from 5.7 per cent, but M4 bank lending is forecast to fall to \$60m from \$70m.

Nervousness is likely to return ahead of next week's UK trade figures for May, but at present sentiment is good

sign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Dealers said that sentiment is very much driven by sterling's performance on the foreign exchanges at present and the market is relieved the pound has survived recent bad news without provoking a full blown currency crisis.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Table with columns for Date, Rate, % Change.

Quality PROMOTIONAL GIFTS advertisement featuring Manhattan Windsor products like Key Rings, Cuff Links, Paperweights, and Enamel Badges.

HEREFORD & WORCESTER advertisement with contact information for Steward Street, Birmingham.

Advertisement for The Financial Times proposing a survey on the above on 14th July, 1989.

Advertisement for George Home, George Road, Edgbaston, Birmingham B15 1PG.

FINANCIAL TIMES advertisement with logo and tagline 'EUROPE'S BUSINESS INDUSTRY'.

CROSSWORD No.6,964 Set by QUARK advertisement.

CROSSWORD puzzle grid and clues for 1-30.

BASE LENDING RATES table with columns for Bank, Rate, %.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol, Last, %.

LONDON MONEY RATES table with columns for Date, Rate, % Change.

TOTAL VOLUME IN CONTRACTS: 36,777 table with columns for A, B, C, D.

WORLD STOCK MARKETS

Table of stock market data for various countries including Australia, Canada, Germany, Italy, Japan, and the UK. Columns include stock names, prices, and changes.

Table of stock market data for Canada, listing various Canadian stocks and their performance.

Table of stock market indices for New York, Dow Jones, and various international indices, including high and low values.

Table of stock market data for Japan, listing various Japanese stocks and their performance.

Table of stock market data for Australia, listing various Australian stocks and their performance.

TOKYO - Most Active Stocks Monday June 19 1989. Table listing active stocks in Tokyo with columns for stock name, price, and change.

Travelling by air on business? Enjoy reading your complimentary copy of the Financial Times when you are travelling on scheduled flights from BRUSSELS with Lufthansa, TWA, Sabena, Pan-Am, British Airways, Finnair.

To keep the world in focus... today's business and financial executives rely on the Financial Times. The FT has breadth and depth of vision, an eye for events that are often in shadow and pinpoint accuracy in its coverage and analysis. Each day the FT gives you a new, crystal-clear snapshot of a global economy that is in constant motion. To order in the U.S. call 1-800-344-1144. In Canada 1-800-543-1007. FINANCIAL TIMES 14 East 60th Street • New York, NY 10022 USA

3pm prices June 19

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers: 12 Month High, Low, Stock, Div. Yld %, P/E, 52 Week High, Low, Close, Chg. Price. Includes various stock symbols and their corresponding market data.

Continued on Page 47

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, and Close. Includes a 'Continued from previous page' note and a detailed list of stock prices.

Small text block providing market commentary or specific data points related to the NYSE prices.

OVER-THE-COUNTER

Table of Over-the-Counter prices with columns for Stock, High, Low, and Close. Includes a 'Nasdaq national market, 3pm prices June 19' note and a detailed list of stock prices.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, High, Low, and Close. Includes a '3pm prices June 19' note and a detailed list of stock prices.

Advertisement for 'Paper Assets' featuring the slogan 'Add the FT to your portfolio.' and contact information for U.S. and Canada.

Advertisement for 'Have your F.T. hand delivered' with contact information for Copenhagen and Aarhus.

AMERICA

Dow falls after euphoria fades

Wall Street

THE fading of last week's euphoria in bond and dollar trading had an impact on stocks which registered modest losses at mid-session, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average was 5.54 points down at 2,480.84 on low volume of 85m shares. The broader Standard & Poor's 500 index was also slightly lower as were the leading indices of secondary stocks on the American Stock Exchange and the Nasdaq over-the-counter market.

The equity market had risen sharply along with the enormous surge of buying in the bond market and in the dollar two weeks ago but then started to drift lower even as the other financial markets became over-extended. Stocks suffered along with the dollar and bonds when profit-taking surfaced last Thursday.

The course of the market in the near-term will depend on a number of factors. The dollar, which has started to look vulnerable in the face of coordinated central bank intervention and threats by

central banks of more to come, will play a role.

So will any further signs of weakness in corporate profits as the economy continues to decelerate.

A potentially positive influence for the market will be any end of second quarter buying by investment managers wanting to stuff portfolios full of the best performing issues.

However, there is some doubt whether such a buying spree will actually emerge given a new caution in the market.

There is a danger for portfolio managers that they will jump into stocks near the top of a rally.

The second half is particularly uncertain. After the very sharp fall in short-term interest rates in recent weeks, there is now a camp which is concerned that consumer spending and housing, the sectors of the economy which have displayed weakness after a year of monetary tightening, could rebound, perhaps so much that the US Federal Reserve would be forced to tighten again.

Even if this does not happen, all the signals suggest that the Fed will be ultra-cautious in lowering interest rates any further. Both producer prices and

consumer prices gained more than expected in May which must be worrying the Fed. Some bond economists had talked about a lowering of the Fed Funds target to 9% per cent from between 9% per cent and 9 1/2% per cent but there is less confidence now that the loosening was as big as that. Some economists are now talking about Fed Funds being targeted at between 9% per cent and 9 1/2% per cent.

Concern has also emerged over the past fortnight or so about a negative impact from the strong dollar on stocks of companies doing substantial international business.

Takeover and merger stories continued to dominate. NWA, the holding company for Northwest Airlines, jumped 36% to \$114 1/4 at mid-session on news that it had agreed to a \$121 a share takeover bid from Mr Alfred Hoeft, a Los Angeles investor. Pan Am, one of the losing bidders, fell 5% to \$37.

UAL, the holding company for United Airlines, jumped 8 1/2% to \$137 1/4 on speculation that the losing bidder may now argue the company instead of NWA.

Time continued to slump in

the wake of news of the company's \$70 a share planned bid for Warner Communications, an alternative to the \$175 a share bid from Paramount. Time fell 8 1/2% to \$156 1/4. Warner added \$ 1/4 to \$59 1/4 and Paramount fell \$ 1/4 to \$67 1/4.

Sea Containers jumped 36% to \$72 on news that the company plans to announce a restructuring or leveraged buy-out worth between \$70 and \$100 a share.

Union Carbide added \$1 1/4 to \$28 1/4 in heavier than usual volume on reports that Mr Nelson Peltz, the investor, has built up a stake in the company.

Canada

INVESTORS found no factors to influence trading in Toronto, leaving stocks little changed at midday in light trading.

The composite index fell 2.0 to 3,743.10 as advancing stocks almost matched declining ones by 210 to 216, on volume of 13.9m shares.

On the active list, Maclean Hunter was flat at \$15 1/4. BCE Development was down 6 cents to \$23 1/4. Inco was unchanged at \$33 1/4, and Laidlaw gained \$ 1/4 to \$31 1/4.

SOUTH AFRICA

GOLD stocks closed easier in light trading in response to the metal's fall on world markets. Vaal Reefs shed \$4 to \$288.

ASIA PACIFIC

Tokyo

A MOOD of despondency hung over the Japanese market and shares eased in thin volume as currency and interest rate concerns drew a negative picture for future prospects, writes Michiko Nakamoto in Tokyo.

Although the yen has recovered somewhat against the dollar, developments in foreign exchange markets and worries about both at home and abroad did little to dispel fears of the dollar rising in the near term. Share prices slipped lower during most of the day and only managed to recover slightly on buying from index-linked investment trust funds.

The Nikkei average moved between a high of 33,051.36 and a low of 32,858.31 before closing down 41.99 at 33,013.18. Advances managed to outnumber declines by 485 to 394 while 196 issues were unchanged. Turnover dwindled to a paltry 454m shares against 591m traded on Friday. The Topix index of all listed shares finished 3.54 points higher at 2,443.71 but in London the ISE/Nikkei 50 index fell 0.68 to 1,942.51.

"The market has entered the rainy season," said one investor. "It's not a downpour but a drizzle, but still nobody wants to go out while it's raining."

Although the currency market was relatively stable, investors in Japan were beginning to predict a longer period of dollar strength and hence a more drawn-out correction for the market than they had previously expected. International trends, such as the situation in China, pointed to a firm dollar at least in the short term.

At the same time, investors were increasingly optimistic about the outlook for the US economy, and thus increasing confidence of further rise in the dollar in coming months. This bullish outlook on the dollar in turn fanned fears of inflation in Japan and the possibility of another rise in the official discount rate.

Italy enjoys rare bask in limelight

ITALY, basking in a 11-day bull run, enjoyed a share of the limelight among world markets last week as investors, afraid of being left standing, scrambled to buy stock.

The Italian market gained a robust 4.3 per cent in local currency terms, although it slipped back slightly yesterday on profit-taking.

By Simon Greaves

Fierce demand for Fiat stock led the domestic drive to build positions in blue chip issues, while foreign investors have gradually begun to return as well. Analysts point out that Italy still has about 30 per cent to rise before reaching its all-time high of May 1986.

Although the market has climbed by 30 per cent since last week with a 5.9 per cent rise in local currency terms as the market sailed ahead on a tide of institutional liquidity. The local stock exchange index gained 3.9 per cent.

Shipping stocks have led the year's steady advance, underpinned by corporate progress and prospects, and reinforced by declining interest in bonds and property investment. The market is up 28.4 per cent on

the start of the year, the third best performance in Europe since Austria and Norway.

One analyst said the alternatives in Denmark were not tempting. "Investors are asking themselves what could they possibly put their money in if they sell and there's a growing feeling the market could at least sustain a further 10 per cent rise this year."

Singapore was the star performer in the Asia Pacific region, registering an impressive 4.7 per cent advance as some investors cold-shouldered Hong Kong in the wake of the bloody crackdown in China.

Singapore has risen 28.7 per cent this year and a huge 50.4 per cent in sterling terms.

Singapore's across-the-board success story, in which property, ship repairing and consumer goods issues have been prominent, is attributed to a strong economy, a currency heavily linked to the firm US dollar and the glittering performance of the property sector. That has benefited from healthy fundamentals including a shortage of office space and rapid rent increases.

Hong Kong none the less recovered 3.9 per cent last week after its heavy losses, with Malaysia hot on its heels, putting on 2.6 per cent as it too gained impetus from property issues.

In spite of these good performances among smaller markets, the world's leaders had a poor week which left the FT-A World Index down 1.6 per cent. Japan fell 2.6 per cent amid

MARKETS IN PERSPECTIVE table with columns for % change in local currency (1 Week, 4 Weeks, 1 Year, Start of 1989) and % change in sterling (Start of 1989). Lists countries like Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK, EUROPE, Australia, Hong Kong, Japan, Malaysia, New Zealand, Singapore, Canada, USA, Mexico, South Africa, and WORLD INDEX.

Based on June 16th 1989. World Index: The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited.

concern over the declining yen, with the Nikkei average suffering its biggest one-day fall this year on Thursday. The US lost 1.6 per cent in a week of confusing economic signals, while Canada shed 1.9 per cent and the UK 0.2 per cent.

EUROPE

Frankfurt springs back to life with 2 per cent jump

THERE were sharp contrasts in Europe yesterday as Frankfurt sprang ahead again and Milan suffered heavy profit-taking. The results of the European elections proved a surprise for some bourses, writes Our Markets Staff.

FRANKFURT jumped like a coiled spring after a week of consolidation, with share prices rising by 2 per cent to new post-crash highs as foreign and domestic buyers rushed in.

The trigger appeared to be relief that the European elections had not produced an even worse result for the centre-right coalition and that the opposition Social Democrats and Green party had failed to secure an overall majority. The most striking feature of the election - the advance of the far-right Republican party - was shrugged off, apparently because it was not a new phenomenon and it was thought the big parties would regain ground between now and the general election in 1990.

After hovering around 600 last week, the FAZ index climbed 9.25, or 1.5 per cent, to 608.31 and the DAX index jumped 30.45, or 2 per cent, to 1,456.99. Turnover in German shares soared back above DM7bn, close to its recent post-crash highs.

"When domestic investors found out that everything was again on the positive side they started buying, and prices were up 1 1/2 per cent at the opening," said one analyst, adding that the FAZ could now rise to 620 or 630 quite quickly.

Blue chips were strong, with Siemens climbing DM21 to DM563.50 both as a market leader and because of its DM1.5bn order from the Soviet Union for 300,000 personal computers.

In financials, Commerzbank was the day's second most active stock, rising DM7.80 to DM251.20; one of its warrants expired last week and this took pressure off the price, while the stock was said to be looking positive from a chart point of view. Deutsche Bank gained DM11.70 to DM564.20.

VW continued to lead the car sector, accelerating DM13 to

DM423.50, helped by an article in Der Spiegel saying group net profit would rise to more than DM1bn this year.

In a popular engineering sector, Deutsche Balcok gained DM9.50 to DM203 amid continuing speculation that builder Hochtief was interested in buying into it because of its environmental clean-up activities.

MILAN fell back after its 11-day surge amid widespread profit-taking and worries about the political crisis, further heightened by the results of the European elections. The results appear to offer little chance of an alternative being found to the last Government.

The Comit index lost 3.04 to 648.68 although volume remained high at 1,300bn.

One analyst described the fall as a "pause for breath" and expected the advance to resume later this week after the poll news had been digested.

Another said: "The technical signs (of an impending fall) were written all over the market last week. Volume was thinner than last week's levels and I don't think there's going to be an immediate sell-off."

Fiat, which had led the rally, ended at L10,280, Friday's closing level, after being fixed earlier at L10,380.

PARIS continued last week's dull tone, with shares ending down but off lows in thin volume estimated at about FF1.5bn. "Most people are waiting for the end of the monthly account on Thursday," said a dealer. "The problem is that the only thing that can bring dynamism is a decrease in American interest rates."

Strong industrial production figures for April had little impact, with investors focusing more on today's May inflation numbers.

Thomson-CSF rose FF8.50 to FF225 after announcing two new contracts. Car components maker Valeo crept up FF2 to FF777 after news of its joint venture in Spain with Nippondenso of Japan.

The CAC 40 index showed a slight 0.75 gain to 491.04, but the CAC 40 was down 3.54 at 1,718.74. The CAC General lost

41 to 476.30.

MADRID showed little reaction to weekend news that Spain was joining the European Monetary System or to Friday's better than expected inflation figures. The general index managed a slight gain of 0.52 to 310.38 after last week's losses, but trading volume was estimated at a thin \$110m.

The banking sector and utilities were weak, holding back the broader market. But analysts said the underlying mood was fairly positive. "The opinion I've got from people today is that interest rates shouldn't have to rise in the short to medium term," said one.

AMSTERDAM ended higher although moderately active day as investors and traders assessed the outcome of the European elections. The Dutch result gave no clear leads for the September general election.

The CBS tendency index rose 1.70 to 190.8.

Retailer Ahold gained FL 2.40 to FL123.90 after Friday's news of a 23.7 per cent rise in four-month profits. The company reaffirmed forecasts that 1989 profits will be considerably above last year's.

Hoofters firm FL 3.30 to FL118 as overseas buyers chased the steel stock, making the past week's gains more than FL 8.

BRUSSELS closed mixed to higher on the last day of the account estimated at about FF1.5bn. "Most people are waiting for the end of the monthly account on Thursday," said a dealer. "The problem is that the only thing that can bring dynamism is a decrease in American interest rates."

Strong industrial production figures for April had little impact, with investors focusing more on today's May inflation numbers.

Thomson-CSF rose FF8.50 to FF225 after announcing two new contracts. Car components maker Valeo crept up FF2 to FF777 after news of its joint venture in Spain with Nippondenso of Japan.

The CAC 40 index showed a slight 0.75 gain to 491.04, but the CAC 40 was down 3.54 at 1,718.74. The CAC General lost

41 to 476.30.

MADRID showed little reaction to weekend news that Spain was joining the European Monetary System or to Friday's better than expected inflation figures. The general index managed a slight gain of 0.52 to 310.38 after last week's losses, but trading volume was estimated at a thin \$110m.

The banking sector and utilities were weak, holding back the broader market. But analysts said the underlying mood was fairly positive. "The opinion I've got from people today is that interest rates shouldn't have to rise in the short to medium term," said one.

AMSTERDAM ended higher although moderately active day as investors and traders assessed the outcome of the European elections. The Dutch result gave no clear leads for the September general election.

The CBS tendency index rose 1.70 to 190.8.

Retailer Ahold gained FL 2.40 to FL123.90 after Friday's news of a 23.7 per cent rise in four-month profits. The company reaffirmed forecasts that 1989 profits will be considerably above last year's.

Hoofters firm FL 3.30 to FL118 as overseas buyers chased the steel stock, making the past week's gains more than FL 8.

BRUSSELS closed mixed to higher on the last day of the account estimated at about FF1.5bn. "Most people are waiting for the end of the monthly account on Thursday," said a dealer. "The problem is that the only thing that can bring dynamism is a decrease in American interest rates."

Strong industrial production figures for April had little impact, with investors focusing more on today's May inflation numbers.

Thomson-CSF rose FF8.50 to FF225 after announcing two new contracts. Car components maker Valeo crept up FF2 to FF777 after news of its joint venture in Spain with Nippondenso of Japan.

The CAC 40 index showed a slight 0.75 gain to 491.04, but the CAC 40 was down 3.54 at 1,718.74. The CAC General lost

Prices slip on fears of a rise in the dollar

On the domestic front, the chances for the ruling Liberal Democratic Party in the forthcoming elections to the upper house of the Diet (Parliament) were not looking bright, adding concerns about potential domestic political strife to investors' reasons for remaining cautious.

Environment protection and machinery issues, which have been popular on buoyant capital spending by Japanese industry, were once again the main movers yesterday. But those which have enjoyed substantial gains recently lost on profit-taking. Amada, for example, a leading machine tool maker which has risen on good

earnings, lost Y10 to Y2,210 in the day's most active trading of 17.2m shares.

Issues likely to benefit from increased capital spending were selected in Osaka and helped lift the OSE average 137.34 to 31,999.25. Volume also improved to 64m shares against 41m on Friday.

Roundup

SINGAPORE and Taiwan both passed significant milestones yesterday but Australia eased. Hong Kong was closed to mark the Queen's birthday.

SINGAPORE rebounded in the afternoon to close firmer, with the Straits Times index

trial index breaching the 1,300 barrier. It closed up 7.88 at 1,304.40. Trading was active and turnover swelled to 88m shares from Friday's 68m.

Small investors were the main participants as activity focused on warrants, property stocks and Malaysian speculative issues.

TAIPEI climbed comprehensively through 10,000 on the weighted index, reaching an all-time high of 10,105.81 on 196.58, after reaching the psychological barrier on Saturday. Volume rose to 811m shares from Saturday's 520m.

AUSTRALIA drifted to a slightly easier close in quiet trade, after being subdued in

the morning before the release of trade figures.

The market then shrugged off the record monthly current account deficit of A\$1.65bn for May. Investors and analysts were prepared for a high deficit, the announcement of which prompted the Australian dollar to weaken, then firm while interest rates rose.

SEOUL fell sharply for a fourth trading day amid disappointment that the Government did not include measures to boost the economy or exports in its economic statement. The composite index dropped 14.55 to 386.58 in low volume.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for NATIONAL AND REGIONAL MARKETS, FRIDAY JUNE 19 1989, THURSDAY JUNE 18 1989, DOLLAR INDEX, and Year ago (approx). Rows list various countries and regions like Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. So. Af., World Ex. Japan, and The World Index.

Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987. Latest prices were unavailable for this edition.

Advertisement for THE KREDIETBANK featuring a large graphic of a building and text: 'THE KREDIETBANK BOOSTS NET PROFIT BY MORE THAN 17%'. Includes a 'KEY FIGURES' table and descriptive text about the bank's performance and services.